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1961 100th CONGRESS 1ST SESS.

LEGISLATIVE HISTORY

Public Law 87-27 S.1

Jan. 15, 1961 Sen. Dirksen, with others, introduced and read the bill which was referred to the Senate Banking and Currency Committee. Print of bill and committee of Sen. Dirksen.

Sen. Dirksen and others introduced and Sen. Dirksen introduced S. 1 which was referred to the Senate Banking and Currency Committee. Print of bill and committee of Sen. Dirksen.

Feb. 24, 1961 Sen. Dirksen introduced and discussed S. 1, which was referred to the House Banking and Currency Committee. Print of bill and committee of Sen. Dirksen.

Mar. 1, 1961 Senate committee approved S. 1 for full committee consideration.

Mar. 6, 1961 Senate committee voted to report (but did not actually report) S. 1, with amendments.

Mar. 8, 1961 Senate committee reported S. 1 with amendments to Senate floor. Print of bill and report.

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Mar. 9, 1961 Senate began debate on S. 1.

Mar. 20, 1961 Senate continued debate on S. 1.

Summary of S. 1 as reported by Senate committee.

Mar. 23, 1961 Senate continued debate.

Mar. 24, 1961 Senate continued debate on S. 1.

Mar. 25, 1961 Senate passed S. 1 with amendments.

House committee ordered H. R. 1500 passed in the full committee.

Mar. 26, 1961 S. 1 was referred to the House Banking and Currency Committee. Print of bill and committee.

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actually passed S. 1 with amendments.

INDEX AND SUMMARY OF S. 1

- Jan. 5, 1961 Sen. Douglas, with others, introduced and Sen. Douglas discussed S. 1 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of Sen. Douglas.
- Mar. 24, 1961 Sen. Scott (for himself and Sen. Keating) introduced and discussed S. 6 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of Sen. Scott.
- Mar. 25, 1961 House began debate on S. 1.
- Mar. 29, 1961 Sen. Dirksen and others introduced and Sen. Dirksen discussed S. 9 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of Sen. Dirksen.
- Mar. 30, 1961
- Feb. 20, 1961 Rep. Spence introduced and discussed H.R. 4569 which was referred to the House Banking and Currency Committee. Print of bill and remarks of Rep. Spence.
- Apr. 13, 1961
- Mar. 2, 1961 Senate subcommittee approved S. 1 for full committee consideration.
- Mar. 6, 1961 Senate committee voted to report (but did not actually report) S. 1, with amendments.
- Mar. 8, 1961 Senate committee reported S. 1 with amendments. S. Report No. 61. Print of bill and report.
- Mar. 9, 1961 Senate began debate on S. 1.
- Mar. 10, 1961 Senate continued debate on S. 1.
- Summary of S. 1 as reported by Senate committee.
- Mar. 13, 1961 Senate continued debate.
- Mar. 14, 1961 Senate continued debate on S. 1.
- Mar. 15, 1961 Senate passed S. 1 with amendments.
- House subcommittee ordered H. R. 4569 reported to the full committee.
- Mar. 16, 1961 S. 1 was referred to the House Banking and Currency Committee. Print of bill as referred.
- Mar. 21, 1961 House committee voted to report (but did not actually report) S. 1 with amendment.

INDEX AND SUMMARY OF S. 1

Jan. 5, 1961	Sen. Douglas, with others, introduced and Sen. Douglas discussed S. 1 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of Sen. Douglas.
	Sen. Scott (for himself and Sen. Keating) introduced and discussed S. 1 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of Sen. Scott.
	Sen. Dirksen and others introduced and Sen. Dirksen discussed S. 1 which was referred to the Senate Banking and Currency Committee. Print of bill and remarks of Sen. Dirksen.
Feb. 20, 1961	Rep. Spence introduced and discussed H.R. 1569 which was referred to the House Banking and Currency Committee. Print of bill and remarks of Rep. Spence.
Mar. 2, 1961	Senate subcommittee approved S. 1 for full committee consideration.
Mar. 6, 1961	Senate committee voted to report (but did not actually report) S. 1, with amendments.
Mar. 8, 1961	Senate committee reported S. 1 with amendments. S. Report No. 61. Print of bill and report.
Mar. 9, 1961	Senate began debate on S. 1.
Mar. 10, 1961	Senate continued debate on S. 1.
	Summary of S. 1 as reported by Senate committee.
Mar. 13, 1961	Senate continued debate.
Mar. 14, 1961	Senate continued debate on S. 1.
Mar. 15, 1961	Senate passed S. 1 with amendments.
	House subcommittee ordered H. R. 1569 reported to the full committee.
Mar. 16, 1961	S. 1 was referred to the House Banking and Currency Committee. Print of bill as referred.
Mar. 21, 1961	House committee voted to report (but did not actually report) S. 1 with amendment.

INDEX AND SUMMARY OF S. 1, cont'd:

- Mar. 22, 1961 House committee reported S. 1 with amendment. H. Report No. 186. Print of bill and report.
- Mar. 24, 1961 Summary of S. 1 as reported by House committee.
- Mar. 27, 1961 Rules Committee reported a resolution for the consideration of S. 1. H. Res. 237, H. Rept. No. 201. Print of resolution and report.
- Mar. 28, 1961 House began debate on S. 1.
- Mar. 29, 1961 House passed S. 1 with amendments.
- Mar. 30, 1961 Senate conferees were appointed on S. 1.
- Apr. 4, 1961 Committee print of S. 1 as passed by House.
- Apr. 12, 1961 House conferees were appointed on S. 1.
- Apr. 20, 1961 Both Houses received and the Senate agreed to the conference report on S. 1. H. Report No. 256. Print of report.
- Apr. 26, 1961 House agreed to the conference report on S. 1.
- May 1, 1961 Approved: Public Law 87-27.

Hearings: Senate Banking and Currency Committee on S. 1;

House Banking and Currency Committee on H. R. 4569.

INDEX AND SUMMARY OF S. I. CONT'D:

Mar. 25, 1961	House committee reported S. I. with amendment. H. Report No. 186. Print of bill and report.
Mar. 26, 1961	Summary of S. I. as reported by House committee.
Mar. 27, 1961	Rules Committee reported a resolution for the consideration of S. I. H. Res. 237, H. Rept. No. 201. Print of resolution and report.
Mar. 28, 1961	House began debate on S. I.
Mar. 29, 1961	House passed S. I. with amendments.
Mar. 30, 1961	Senate conferees were appointed on S. I.
Apr. 1, 1961	Committee print of S. I. as passed by House.
Apr. 12, 1961	House conferees were appointed on S. I.
Apr. 20, 1961	Both Houses received and the Senate agreed to the conference report on S. I. H. Report No. 256. Print of report.
Apr. 26, 1961	House agreed to the conference report on S. I.
May 1, 1961	Approved: Public Law 87-27.

Hearings: Senate Banking and Currency
Committee on S. I.

House Banking and Currency
Committee on H. R. 1269.

PUBLIC LAW 87-14 (H. R. 5188) THIRD SUPPLEMENTAL APPROPRIATION ACT, 1961
(approved March 31, 1961). Includes the following amounts for this
Department:

Supplementals for program operations:

Forest Service:

For fighting forest fires	\$ 31,500,000
For acquisition of Klamath Indian forest lands....	68,717,000
Total, Forest Service	100,217,000

Supplementals for pay act costs:

Agricultural Research Service.....	7,395,000
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Extension Service:

Supplemental Appropriation	41,000
Transfer from "Payments to States"	96,000
Farmer Cooperative Service	37,000
Soil Conservation Service	5,640,000
Agricultural Marketing Service	2,776,000
Foreign Agricultural Service	232,000
Commodity Exchange Authority	50,000
Commodity Stabilization Service	3,463,000
Federal Crop Insurance Corporation	185,000
Rural Electrification Administration	392,000
Farmers Home Administration.....	1,967,000
Office of the General Counsel	192,000
Office of the Secretary.....	181,000
Office of Information	60,000
Library	56,000
Forest Service	5,100,000
Total, appropriations for pay costs	27,863,000

Also, includes the following items for other departments and agencies:
\$50 million for the Development Loan Fund, Mutual Security Program;
\$1,300,000 for HEW for grants for library services; \$20 million for
the GSA general supply fund to finance sales and services to other
Federal agencies; \$70 million for unemployment compensation for Fed-
eral employees; \$800,000 for Federal employees' compensation claims;
and various amounts for claims and judgements. (USDA items above are
included in the table of appropriations at the end of this Digest.)

PUBLIC LAW 87-15 (H. R. 5463) AMENDMENTS TO SUGAR ACT OF 1948 (ap-
proved March 31, 1961). Extends the Sugar Act of 1948 for 15 months,
until June 30, 1962. Relieves the President of the obligation to
purchase any part of the sugar formerly supplied by Cuba from any
country with which the United States does not maintain diplomatic re-
lations. Requires that in above-quota foreign purchases special con-
sideration shall be given to countries of the Western Hemisphere and
to those countries purchasing United States agricultural commodities.

PUBLIC LAW 87-18 (S. 153) REORGANIZATION PLANS (approved April 7, 1961).
Amends the Reorganization Act of 1949, as amended, to reinstate until
June 1, 1963, the authority given the President by such Act to trans-
mit reorganization plans to the Congress. Such plans take effect un-
less a resolution of disapproval is passed by either the House or the
Senate within 60 days from the date of transmittal.

PUBLIC LAW 87-19 (H. R. 3980) FOOD ADDITIVES TRANSITIONAL PROVISIONS AMENDMENT OF 1961 (approved April 7, 1961). Extends from March 5, 1961, until June 30, 1964, the final effective dates of the Food Additives Amendment of 1958 and the Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959. This extension authorizes the continued use of certain food additives and pesticide chemicals not covered by regulations issued by the Secretary of the Department of Health, Education, and Welfare, if the Secretary finds that such continued use would involve no undue risk to the public health, that such additives and pesticide chemicals were in commercial use prior to January 1, 1958, and that scientific investigations to determine safe levels of use are being pursued with due diligence.

PUBLIC LAW 87-27 (S. 1) AREA REDEVELOPMENT ACT (approved May 1, 1961).

Includes provisions as follows:

Provides for the appointment of an Area Redevelopment Administrator in the Department of Commerce to perform such duties in the execution of this Act as the Secretary of Commerce may assign.

Provides that the Secretary of Commerce shall designate as "redevelopment areas" those areas in the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time, based upon certain standards as to current percentage rates of unemployment and annual average percentage rates of unemployment. Authorizes loans not to exceed \$100,000,000 for projects in redevelopment areas so designated.

Provides that the Secretary of Commerce shall also designate as "redevelopment areas" those areas in the United States which do not meet the requirements under the standards prescribed above but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. Provides that in the formulation of standards for the designation of these areas the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the extent to which "rural development" projects have previously been located in any such area under programs administered by the Department of Agriculture, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making such determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by Federal departments and agencies, State and local governments, universities and land-grant colleges, and private organizations. Provides that the Department of Agriculture and other departments and agencies may conduct such special studies, obtain such information, and compile and furnish to the Secretary of Commerce, on a reimbursable basis, such data as the Secretary may deem necessary or proper to enable him to make determinations regarding these proposed redevelopment areas. Authorizes loans not to exceed \$100,000,000 for projects in such designated redevelopment areas.

Authorizes the Secretary of Commerce to make loans not in excess of \$100,000,000 and to make grants not in excess of \$75,000,000 to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities in redevelopment areas.

Establishes an area redevelopment fund in the Treasury Department of not to exceed \$300,000,000 to provide funds for loans for projects in redevelopment areas.

Authorizes the appropriation of \$4.5 million annually for technical assistance to redevelopment areas and to other areas which have need of such assistance to alleviate or prevent excessive unemployment or underemployment.

Authorizes the appropriation of \$4.5 million annually for occupational training or retraining of unemployed or underemployed individuals in redevelopment areas.

Authorizes the appropriation of \$10 million annually for payments to States for use in making retraining subsistence payments to unemployed or underemployed individuals in redevelopment areas.

Creates an Area Redevelopment Advisory Policy Board, including a member from the Department of Agriculture, to advise the Secretary of Commerce in the performance of functions authorized by this Act.

Provides for the appointment of a National Public Advisory Committee on Area Redevelopment of 25 members composed of representatives of labor, agriculture, management, State and local governments, and the public in general to make recommendations to the Secretary of Commerce relative to the carrying out of his duties under this Act.

Authorizes the Secretary of Commerce to aid redevelopment areas and other areas by furnishing technical information, market research, or other forms of assistance, information, or advice which are obtainable from other Federal agencies and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas.

Requires the Secretary of Commerce to furnish procurement offices of Federal agencies with the names and addresses of business firms located in redevelopment areas which are desirous of obtaining Government contracts to furnish supplies or services.

Authorizes the Secretary of Commerce to delegate any of his functions under this Act to other Federal departments and agencies. Authorizes the Secretary to use the services and facilities of other Federal departments and agencies with their consent and on a reimbursable basis. Authorizes the transfer of funds authorized to be appropriated by this Act, with the approval of the Budget Bureau, between Federal departments and agencies.

Requires the Secretary of Commerce to make an annual report to the Congress of his operations under this Act.

Provides that the authority conferred by this Act shall terminate June 30, 1965.

PUBLIC LAW 87-28 (S. 1027) AMENDMENT TO AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954 (approved May 4, 1961). Amends title I of Public Law 480, 83d Congress, by increasing the authorization for the calendar year 1961 by \$2 billion to a total of \$3.5 billion, plus any unused authority carried over from 1960. Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations to provide for the sale of surplus agricultural commodities for foreign

currencies, which are then used for a number of purposes enumerated in title I for the benefit of the United States and the purchasing country.

PUBLIC LAW 87-30 (H. R. 3935) FAIR LABOR STANDARDS AMENDMENTS OF 1961 (approved May 5, 1961). Amends the Fair Labor Standards Act of 1938 to provide coverage for additional employees, increase the minimum wage for presently covered employees gradually to \$1.25 per hour within 2 years, and increase the minimum wage for newly covered employees to \$1.25 an hour over a 5-year period. Exempts workers who may occasionally engage in livestock auction operations as an adjunct to their regular work of raising livestock, workers employed at country elevators that market farm products for farmers if not more than 5 employees are employed at the elevator, workers engaged in ginning cotton for market at any location in a county where cotton is grown in commercial quantities, workers engaged in processing shade-grown tobacco for use as cigar wrapper tobacco if the workers are engaged in the growing and harvesting of such tobacco, and workers engaged in the transportation of fruits and vegetables from the farm to a place of first processing or first marketing within the same State and the transportation between the farm and any point within the same State of workers employed or to be employed in the harvesting of the commodity.

Requires the Secretary of Labor, when he has reason to believe that employment in an industry under the Act has decreased or is likely to decrease because of foreign competition, to investigate the matter and report to the President and Congress.

Requires the Secretary of Labor to study the system of exemptions now available for handling and processing of agricultural products and to submit to the second session of the 87th Congress a report on the results of the study, with recommendations for further legislation designed to simplify and remove inequities in the application of such exemptions.

PUBLIC LAW 87-33 (S. 1372) POOLED ACREAGE ALLOTMENTS (approved May 16, 1961). Amends section 378 of the Agricultural Adjustment Act of 1938 by authorizing the temporary release and reapportionment of pooled acreage allotments on lands acquired by agencies having the right of eminent domain.

PUBLIC LAW 87-37 (H. R. 7030) TRANSFER OF COTTON ACREAGE ALLOTMENTS (approved May 20, 1961). Amends the Agricultural Adjustment Act of 1938, as amended, to permit operators of farms with flooded-out cotton acreage to transfer all or part of that acreage allotment, with the permission of the county committee, to another farm in the same or an adjoining county operated by the same farmer. This is an emergency measure which applies to the 1961 crop only.

PUBLIC LAW 87-41 (H. R. 6518) APPROPRIATIONS FOR INTER-AMERICAN SOCIAL AND ECONOMIC COOPERATION PROGRAM (approved May 27, 1961). Makes appropriations for the fiscal year 1961 in the amounts of \$500 million for the inter-American social and economic cooperation program, and \$100 million for the Chilean reconstruction and rehabilitation program.

S. 1

IN THE SENATE OF THE UNITED STATES

JANUARY 5 (legislative day, JANUARY 4), 1961

Mr. DOUGLAS (for himself, Mr. CLARK, Mr. COOPER, Mr. BYRD of West Virginia, Mr. RANDOLPH, Mr. SPARKMAN, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. BEALL, Mr. JAVITS, Mr. HUMPHREY, Mr. MORSE, Mr. PASTORE, Mr. KEFAUVER, Mr. MONRONEY, Mr. ANDERSON, Mr. SYMINGTON, Mr. CHAVEZ, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCNAMARA, Mr. JACKSON, Mr. HART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. BIBLE, Mr. CHURCH, Mr. HARTKE, Mr. GRUENING, Mr. MOSS, Mr. BARTLETT, Mr. MCGEE, Mr. YOUNG of Ohio, Mr. LONG of Hawaii, Mr. YARBOROUGH, Mr. ENGLE, Mr. DODD, Mr. BURDICK, Mrs. NEUBERGER, Mr. METCALF, Mr. LONG of Missouri, Mr. PELL, Mr. SMITH of Massachusetts, and Mr. CANNON) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 *That this Act may be cited as the "Area Redevelopment*
- 4 *Act".*

DECLARATION OF PURPOSE

2 SEC. 2. The Congress declares that the maintenance of
3 the national economy at a high level is vital to the best in-
4 terests of the United States, but that some of our communi-
5 ties are suffering substantial and persistent unemployment
6 and underemployment; that such unemployment and under-
7 employment cause hardship to many individuals and their
8 families and detract from the national welfare by wasting
9 vital human resources; that to overcome this problem the
10 Federal Government, in cooperation with the States, should
11 help areas of substantial and persistent unemployment and
12 underemployment to take effective steps in planning and
13 financing their economic redevelopment; that Federal as-
14 sistance to communities, industries, enterprises, and indi-
15 viduals in areas needing redevelopment should enable such
16 areas to achieve lasting improvement and enhance the do-
17 mestic prosperity by the establishment of stable and diver-
18 sified local economies; and that under the provisions of this
19 Act new employment opportunities should be created by
20 developing and expanding new and existing facilities and
21 resources without substantially reducing employment in other
22 areas of the United States.

AREA REDEVELOPMENT ADMINISTRATION

24 SEC. 3. In order to carry out the purposes of this Act,
25 there is hereby established, within the executive branch of

1 the Government, an Area Redevelopment Administration.
2 Such Administration shall be under the direction and control
3 of an Administrator (hereinafter referred to as the "Admin-
4 istrator") who shall be appointed by the President, by and
5 with the advice and consent of the Senate, and shall be
6 compensated at the same rate as that prescribed by law for
7 an assistant secretary of an executive department.

8 ADVISORY BOARD

9 SEC. 4. (a) To advise the Administrator in the per-
10 formance of functions authorized by this Act, there is author-
11 ized to be created an Area Redevelopment Advisory Board
12 (hereinafter referred to as the "Board"), which shall con-
13 sist of the following members, all ex officio: the Administra-
14 tor as Chairman; the Secretaries of Agriculture; Commerce;
15 Defense; Health, Education, and Welfare; Interior; Labor;
16 and Treasury; the Administrators of the General Services
17 Administration; Housing and Home Finance Agency; and
18 Small Business Administration; and the Director of the
19 Office of Civil and Defense Mobilization.

20 The Chairman may from time to time invite the partici-
21 pation of officials of other agencies of the executive branch
22 interested in the functions herein authorized. Each member
23 of the Board may designate an officer of his agency to act
24 for him as a member of the Board with respect to any matter
25 there considered.

1 (b) The Administrator shall appoint a National Public
2 Advisory Committee on Area Redevelopment which shall
3 consist of twenty-five members and shall be composed of
4 representatives of labor, management, agriculture, and the
5 public in general. From the members appointed to such
6 Committee the Administrator shall designate a Chairman.
7 Such Committee, or any duly established subcommittee
8 thereof, shall from time to time make recommendations to
9 the Administrator relative to the carrying out of his duties
10 under this Act. Such Committee shall hold not less than
11 two meetings during each calendar year.

12 (c) The Administrator is authorized from time to time
13 to call together and confer with representatives of the vari-
14 ous parties in interest from any industry, including agricul-
15 ture, which has been a primary source of high levels of
16 unemployment or underemployment in the several areas
17 designated by the Administrator as redevelopment areas.
18 The Administrator may also call upon representatives of
19 interested governmental departments and agencies, together
20 with representatives of transportation and other industries, to
21 participate in any conference convened under authority of
22 this subsection whenever he determines that such participa-
23 tion would contribute to a solution of the problems creating
24 such unemployment or underemployment. The representa-
25 tives at any such conference shall consider with and may

1 recommend to the Administrator plans and programs to
2 further the objectives of this Act with special reference to
3 the industry with respect to which the conference was
4 convened.

5 REDEVELOPMENT AREAS

6 SEC. 5. (a) The Administrator shall designate as "re-
7 development areas" those areas within the United States in
8 which he determines that there has existed substantial and
9 persistent unemployment for an extended period of time.
10 There shall be included among the areas so designated any
11 area—

12 (1) where the rate of unemployment, excluding un-
13 employment due primarily to temporary or seasonal
14 factors, is currently 6 per centum or more and has
15 averaged at least 6 per centum for the qualifying time
16 periods specified in subparagraph (2) below; and

17 (2) where the annual average rate of unemploy-
18 ment has been at least—

19 (A) 50 per centum above the national average
20 for three of the preceding four calendar years, or

21 (B) 75 per centum above the national average
22 for two of the preceding three calendar years, or

23 (C) 100 per centum above the national aver-
24 age for one of the preceding two years.

25 Any area in which a substantial part of the employ-

1 ment is or most recently was in an industry adversely
2 affected by the reduction of trade barriers under the Trade
3 Agreements Extension Act of 1951, as amended, with
4 respect to which the President has reported to the Adminis-
5 trator under subsection (f) of this section, and meeting the
6 standards of unemployment set forth in this section shall
7 be entitled on application to a priority of consideration by
8 the Administrator for designation as a redevelopment area.

9 (b) The Administrator shall also designate as "re-
10 development areas" those areas (including Indian reserva-
11 tions) within the United States which do not meet the
12 requirements set forth in subsection (a) but which he
13 determines are among the highest in numbers and percent-
14 ages of low-income families, and in which there exists a
15 condition of substantial and persistent unemployment or
16 underemployment. In making the designations under this
17 subsection, the Administrator shall consider, among other
18 relevant factors, the number of low-income farm families
19 in the various rural areas of the United States, the proportion
20 that such low-income families are to the total farm families of
21 each of such areas, the relationship of the income levels of
22 the families in each such area to the general levels of income
23 in the United States, the current and prospective employ-
24 ment opportunities in each such area, the availability of
25 manpower in each such area for supplemental employment,

1 the extent of migration out of the area, and the proportion
2 of the population of each such area which has been receiving
3 public assistance from the Federal Government and/or from
4 the State or States in which such area is located or from
5 any municipality therein.

6 (c) In making the determinations provided for in this
7 section, the Administrator shall be guided, but not conclu-
8 sively governed, by pertinent studies made, and information
9 and data collected or compiled, by (1) departments, agen-
10 cies, and instrumentalities of the Federal Government, (2)
11 State and local governments, (3) universities and land-grant
12 colleges, and (4) private organizations.

13 (d) Upon the request of the Administrator, the Secre-
14 tary of Labor, the Secretary of Agriculture, the Secretary
15 of Commerce, and the Secretary of the Interior are respec-
16 tively authorized to conduct such special studies, obtain such
17 information, and compile and furnish to the Administrator
18 such data as the Administrator may deem necessary or
19 proper to enable him to make the determinations provided
20 for in this section. The Administrator shall reimburse, out
21 of any funds appropriated to carry out the purposes of this
22 Act, the foregoing officers for any expenditures incurred by
23 them under this section.

24 (e) As used in this Act, the term "redevelopment area"
25 refers to any area within the United States which has been

1 designated by the Administrator as a redevelopment area
2 and may include one or more States, one or more counties,
3 or one or more municipalities, or a part of a county or
4 municipality.

5 (f) In any case in which the President is required (1)
6 under the provisions of subsection 4 (a) of the Trade Agree-
7 ments Extension Act of 1951 to transmit a message to the
8 Congress identifying an article with respect to which a trade
9 agreement has caused or threatened to cause serious injury to
10 a domestic industry, or (2) under the provisions of subsec-
11 tion 7 (c) of such Act to submit a report to the Committee on
12 Ways and Means of the House of Representatives and the
13 Committee on Finance of the Senate stating why he has not
14 made such adjustments in the rates of duties, imposed such
15 quotas, or made such other modifications, as are found and
16 reported by the United States Tariff Commission to be neces-
17 sary to prevent or remedy serious injury to a domestic
18 industry, he shall notify the Administrator and shall send
19 him a copy of such message or report.

20 LOANS AND PARTICIPATIONS

21 SEC. 6. (a) The Administrator is authorized to pur-
22 chase evidences of indebtedness and to make loans (including
23 immediate participations therein) to aid in financing any
24 project within a redevelopment area for the purchase or
25 development of land and facilities (including, in exceptional

1 cases, machinery and equipment) for industrial or commer-
2 cial usage, for the construction of new buildings, for rehabili-
3 tation of abandoned or unoccupied buildings, or for the altera-
4 tion, conversion, or enlargement of any existing buildings for
5 industrial or commercial use. Such financial assistance shall
6 not be extended for working capital, or to assist establish-
7 ments relocating from one area to another when such assist-
8 ance will result in substantial detriment to the area of original
9 location by increasing unemployment.

10 (b) Financial assistance under this section shall be on
11 such terms and conditions as the Administrator determines
12 subject, however, to the following restrictions and limita-
13 tions:

14 (1) The total amount of loans and loan participations
15 (including purchased evidences of indebtedness) outstanding
16 at any one time under this section (A) with respect to
17 projects in redevelopment areas designated under section
18 5 (a) shall not exceed \$100,000,000 (but not to exceed
19 \$30,000,000 prior to July 1, 1962), and (B) with respect
20 to projects in redevelopment areas designated under section
21 5 (b) shall not exceed \$100,000,000 (but not to exceed
22 \$30,000,000 prior to July 1, 1962) ;

23 (2) Except as provided in subsection (c), such assist-
24 ance shall be extended only to applicants, both private and

1 public (including Indian tribes), which have been approved
2 for such assistance by an agency or instrumentality of the
3 State or political subdivision thereof in which the project to
4 be financed is located, and which agency or instrumentality
5 is directly concerned with problems of economic develop-
6 ment in such State or subdivision;

7 (3) The project for which financial assistance is sought
8 is reasonably calculated to provide more than a temporary
9 alleviation of unemployment or underemployment within the
10 redevelopment area wherein it is, or will be, located;

11 (4) No such assistance shall be extended hereunder
12 unless the financial assistance applied for is not otherwise
13 available from private lenders or other Federal agencies on
14 reasonable terms;

15 (5) No loans shall be made unless it is determined that
16 an immediate participation is not available;

17 (6) No evidences of indebtedness shall be purchased
18 and no loans shall be made unless it is determined that there
19 is a reasonable assurance of repayment;

20 (7) Subject to section 12 (5) of this Act, no loan,
21 including renewals or extension thereof, may be made
22 hereunder for a period exceeding twenty-five years and no
23 evidences of indebtedness maturing more than twenty-five

hereafter

1 years from date of purchase may be purchased hereunder:
2 *Provided*, That the foregoing restrictions on maturities
3 shall not apply to securities or obligations received by the
4 Administrator as a claimant in bankruptcy or equitable re-
5 organization or as a creditor in other proceedings attendant
6 upon insolvency of the obligor, or if extension or renewal
7 for additional periods, not to exceed, however, a total of ten
8 years, will aid in the orderly liquidation of such loan or of
9 such evidence of indebtedness;

10 (8) Such loans shall bear interest at a rate equal to the
11 rate of interest paid by the Administrator on funds obtained
12 from the Secretary of the Treasury as provided in section 9
13 of this Act, plus one-half of 1 per centum per annum: *Pro-*
14 *vided*, That an amount equal to one-fourth of 1 per centum
15 per annum of the outstanding principal amount of any loan
16 made under this section shall be allocated from the pay-
17 ments received by the Administrator in the form of interest
18 on such loan to a sinking fund to cover losses on loans under
19 this section;

20 (9) Such assistance shall not exceed 65 per centum of
21 the aggregate cost to the applicant (excluding all other Fed-
22 eral aid in connection with the undertaking) of acquiring or
23 developing land and facilities (including, in exceptional cases,

1 machinery and equipment), and of constructing, altering,
2 converting, rehabilitating, or enlarging the building or build-
3 ings of the particular project and shall, among others, be on
4 the following conditions:

5 (A) That other funds are available in an amount which,
6 together with the assistance provided hereunder, shall be
7 sufficient to pay such aggregate cost;

8 (B) That not less than 10 per centum of such aggregate
9 cost be supplied by the State or any agency, instrumentality,
10 or political subdivision thereof, or by a community or area
11 organization which is nongovernmental in character, as
12 equity capital or as a loan;

13 (C) That in extending financial assistance under this
14 section with respect to a redevelopment area, the Adminis-
15 trator shall require that not less than 5 per centum of the
16 aggregate cost of the project for which such loan is made
17 shall be supplied by nongovernmental sources;

18 (D) That any Federal financial assistance extended
19 under this section in connection with a particular project
20 shall be repayable only after other loans made in connection
21 with such project and in accordance with this section have
22 been repaid in full. If any Federal financial assistance
23 extended under this section is secured, its security shall be
24 subordinate and inferior to the lien or liens securing other
25 loans made in connection with the same project.

1 (10) No such assistance shall be extended unless there
2 shall be submitted to and approved by the Administrator an
3 overall program for the economic development of the area
4 and a finding by the State, or any agency, instrumentality,
5 or local political subdivision thereof, that the project for
6 which financial assistance is sought is consistent with such
7 program: *Provided*, That nothing in this Act shall authorize
8 financial assistance for any project prohibited by laws of
9 the State or local political subdivision in which the project
10 would be located.

11 (c) If there is no agency or instrumentality in any
12 State, or political subdivision thereof, qualified to approve
13 applicants for assistance under this section as provided in
14 paragraph (2) of subsection (b), the Administrator shall,
15 upon determining that any area in such State is a redevelopment
16 ment area, appoint a local redevelopment committee (here-
17 inafter referred to as a "local committee") to be composed
18 of not less than seven residents of such area who, as nearly
19 as possible, are representative of labor, commercial, indus-
20 trial, and agricultural groups, and of the residents generally
21 of such area. In appointing any such local committee, the
22 Administrator may include therein members of any existing
23 local redevelopment committees. Financial assistance under
24 this section in connection with projects located in a rede-
25 velopment area, for which a local committee has been ap-

1 pointed under this section, shall be extended only to appli-
2 cants, both private and public (including Indian tribes),
3 which have been approved by such local committee.

4 (d) Of the funds authorized to be raised under section 9
5 of this Act, not more than \$100,000,000 shall be deposited
6 in a revolving fund which shall be used for the purpose of
7 making loans under this section with respect to projects in
8 redevelopment areas designated under section 5 (a), and not
9 more than \$100,000,000 shall be deposited in a revolving
10 fund which shall be used for the purpose of making loans
11 under this section with respect to projects in redevelopment
12 areas designated under section 5 (b).

13 LOANS FOR PUBLIC FACILITIES

14 SEC. 7. (a) Upon the application of any State, or polit-
15 ical subdivision thereof, Indian tribe, or private or public
16 organization or association representing any redevelopment
17 area or part thereof, the Administrator is authorized to make
18 loans to assist in financing the purchase or development of
19 land for public facility usage, and the construction, rehabili-
20 tation, alteration, expansion, or improvement of public facili-
21 ties within any redevelopment area, if he finds that—

22 (1) the project for which financial assistance is
23 sought will provide more than a temporary alleviation
24 of unemployment or underemployment in the redevelop-
25 ment area wherein such project is, or will be, located,

1 and will tend to improve the opportunities in such area
2 for the successful establishment or expansion of indus-
3 trial or commercial plants or facilities;

4 (2) the funds requested for such project are not
5 otherwise available on reasonable terms;

6 (3) the amount of the loan plus the amount of
7 other available funds for such projects are adequate to
8 insure the completion thereof;

9 (4) there is a reasonable expectation of repayment;
10 and

11 (5) such area has an approved economic develop-
12 ment program as provided in section 6 (b) (10) and
13 the project for which financial assistance is sought is
14 consistent with such program.

15 (b) No loan under this section shall be for an amount
16 in excess of 65 per centum of the aggregate cost of the proj-
17 ect for which such loan is made. Subject to section 12 (5),
18 the maturity date of any such loan shall be not later than
19 forty years after the date such loan is made. Any such loan
20 shall bear interest at a rate equal to the rate of interest paid
21 by the Administrator on funds obtained from the Secretary
22 of the Treasury as provided in section 9 of this Act, plus
23 one-quarter of 1 per centum per annum.

24 (c) In making any loan under this section, the Ad-
25 ministrator shall require that not less than 10 per centum of

1 the aggregate cost of the project for which such loan is made
2 shall be supplied by the State (including any political sub-
3 division thereof) within which such project is to be located
4 as equity capital, or as a loan. In determining the amount
5 of participation required under this subsection with respect
6 to any particular project, the Administrator shall give con-
7 sideration to the financial condition of the State or local
8 government, and to the per capita income of the residents
9 of the redevelopment area, within which such project is to
10 be located.

11 (d) Any loan made under this section in connection
12 with a particular project shall be repayable only after other
13 loans made in connection with such project and in accord-
14 ance with this section have been repaid in full. If any loan
15 made under this section is secured, its security shall be
16 subordinate and inferior to the lien or liens securing other
17 loans made in connection with the same project.

18 (e) No financial assistance shall be extended under this
19 section with respect to any public facility which would com-
20 pete with an existing privately owned public utility rendering
21 a service to the public at rates or charges subject to regula-
22 tion by a State regulatory body, unless the State regulatory
23 body determines that in the area to be served by the public
24 facility for which the financial assistance is to be extended
25 there is a need for an increase in such service (taking into

1 consideration reasonably foreseeable future needs) which the
2 existing public utility is not able to meet through its existing
3 facilities or through an expansion which it is prepared to
4 undertake.

5 (f) Of the funds authorized to be raised under section
6 9 of this Act, not more than \$100,000,000 shall be deposited
7 in a revolving fund which shall be used for the purpose of
8 making loans under this section: *Provided*, That not more
9 than \$30,000,000 shall be deposited in such fund prior to
10 July 1, 1962.

11 GRANTS FOR PUBLIC FACILITIES

12 SEC. 8. (a) The Administrator may conduct studies of
13 needs in the various redevelopment areas throughout the
14 United States for, and the probable cost of, land acquisition
15 or development for public facility usage, and the construction,
16 rehabilitation, alteration, expansion, or improvement of use-
17 ful public facilities within such areas, and may receive pro-
18 posals from any State, or political subdivision thereof, In-
19 dian tribe, or private or public organization or association
20 representing any redevelopment area, or part thereof, relat-
21 ing to land acquisition or development for public facility
22 usage, and the construction, rehabilitation, alteration, expan-
23 sion, or improvement of public facilities within any such area.
24 Any such proposal shall contain plans showing the project

1 proposed to be undertaken, the cost thereof, and the con-
2 tributions proposed to be made to such cost by the entity
3 making the proposal. The Administrator, in consultation
4 with such entity, is authorized to modify all or any part of
5 such proposal.

6 (b) The Administrator, pursuant to a proposal received
7 by him under this section, may make grants to any State, or
8 political subdivision thereof, Indian tribe, or private or public
9 organization or association representing any redevelopment
10 area, or part thereof, for land acquisition or development for
11 public facility usage, and the construction, rehabilitation,
12 alteration, expansion, or improvement of public facilities
13 within a redevelopment area, if he finds that—

14 (1) the project for which financial assistance is
15 sought will provide more than a temporary alleviation
16 of unemployment or underemployment in the redevel-
17 opment area wherein such project is, or will be, located,
18 and will tend to improve the opportunities in such area
19 for the successful establishment or expansion of industrial
20 or commercial plants or facilities;

21 (2) the entity requesting the grant proposes to
22 contribute to the cost of the project for which such grant
23 is requested in proportion to its ability so to contribute;
24 and

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(c) The Administrator shall by regulation provide for the supervision of carrying out of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future

1 needs) which the existing public utility is not able to meet
2 through its existing facilities or through an expansion which
3 it is prepared to undertake.

4 (e) There is hereby authorized to be appropriated
5 not to exceed \$75,000,000 for the purpose of making grants
6 under this section: *Provided*, That not to exceed \$10,000,-
7 000 shall be appropriated for such purpose prior to July 1,
8 1962.

9

FUNDS FOR LOANS

10 SEC. 9. To obtain funds for loans under this Act, the
11 Administrator may, with the approval of the President, issue
12 and have outstanding at any one time notes and obligations
13 for purchase by the Secretary of the Treasury in an amount
14 not to exceed \$300,000,000: *Provided*, That the amount
15 of such notes and obligations which are outstanding prior to
16 July 1, 1962, shall not exceed \$90,000,000. Such notes
17 or other obligations shall be in such forms and denomina-
18 tions, have such maturities, and be subject to such terms and
19 conditions as may be prescribed by the Administrator with
20 the approval of the Secretary of the Treasury, and shall bear
21 interest at a rate determined by the Secretary of the Treas-
22 ury, but such rate shall not be greater than the current
23 average yields on outstanding marketable obligations of
24 the United States of comparable maturities as of the last
25 day of the month preceding the issuance of such notes or

1 other obligations. The Secretary of the Treasury is au-
2 thorized and directed to purchase any notes and other obli-
3 gations issued under this section and for such purpose is
4 authorized to use as a public debt transaction the proceeds
5 from the sale of any securities issued under the Second
6 Liberty Bond Act, as amended, and the purposes for which
7 securities may be issued under such Act are extended to
8 include any purchase of such notes and other obligations.
9 The Secretary of the Treasury may at any time sell any of
10 the notes or other obligations acquired by him under this
11 section. All redemptions, purchases, and sales by the
12 Secretary of the Treasury of such notes or other obligations
13 shall be treated in every respect as public debt transactions
14 of the United States.

15 INFORMATION

16 SEC. 10. The Administrator shall aid redevelopment
17 areas by furnishing to interested individuals, communities,
18 industries, and enterprises within such areas any assistance,
19 technical information, market research, or other forms of
20 assistance, information, or advice which are obtainable from
21 the various departments, agencies, and instrumentalities of
22 the Federal Government and which would be useful in allevi-
23 ating conditions of excessive unemployment or underemploy-
24 ment within such areas. The Administrator shall furnish the
25 procurement divisions of the various departments, agencies,

1 and other instrumentalities of the Federal Government with
2 a list containing the names and addresses of business firms
3 which are located in redevelopment areas and which are
4 desirous of obtaining Government contracts for the furnish-
5 ing of supplies or services, and designating the supplies and
6 services such firms are engaged in providing.

7 TECHNICAL ASSISTANCE

8 SEC. 11. In carrying out his duties under this Act, the
9 Administrator is authorized to provide technical assistance to
10 areas which he has designated as redevelopment areas under
11 this Act. Such assistance shall include studies evaluating
12 the needs of, and developing potentialities for, economic
13 growth of such areas. Such assistance may be provided by
14 the Administrator through members of his staff or through
15 the employment of private individuals, partnerships, firms,
16 corporations, or suitable institutions, under contracts en-
17 tered into for such purpose. Appropriations are hereby
18 authorized for the purposes of this section in an amount not
19 to exceed \$4,500,000 annually.

20 POWERS OF ADMINISTRATOR

21 SEC. 12. In performing his duties under this Act, the
22 Administrator is authorized to—

23 (1) adopt, alter, and use a seal, which shall be ju-
24 dicially noticed; and subject to the civil service and
25 classification laws, select, employ, appoint, and fix the

1 compensation of such officers, employees, attorneys, and
2 agents as shall be necessary to carry out the provisions
3 of this Act, and define their authority and duties, pro-
4 vide bonds for them in such amounts as the Adminis-
5 trator shall determine, and pay the costs of qualification
6 of certain of them as notaries public;

7 (2) hold such hearings, sit and act at such times
8 and places, and take such testimony, as he may deem
9 advisable;

10 (3) request directly from any executive depart-
11 ment, bureau, agency, board, commission, office, inde-
12 pendent establishment, or instrumentality information,
13 suggestions, estimates, and statistics needed to carry out
14 the purposes of this Act; and each department, bureau,
15 agency, board, commission, office, establishment, or in-
16 strumentality is authorized to furnish such information,
17 suggestions, estimates, and statistics directly to the Ad-
18 ministrator;

19 (4) under regulations prescribed by him, assign
20 or sell at public or private sale, or otherwise dispose of
21 for cash or credit, in his discretion and upon such terms
22 and conditions and for such consideration as he shall
23 determine to be reasonable, any evidence of debt, con-
24 tract, claim, personal property, or security assigned to
25 or held by him in connection with the payment of loans

1 made under this Act, and collect or compromise all
2 obligations assigned to or held by him in connection
3 with the payment of such loans until such time as such
4 obligations may be referred to the Attorney General
5 for suit or collection;

6 (5) further extend the maturity of or renew any
7 loan made under this Act, beyond the periods stated in
8 such loan or in this Act, for additional periods not to
9 exceed ten years, if such extension or renewal will aid
10 in the orderly liquidation of such loan;

11 (6) deal with, complete, renovate, improve, mod-
12 ernize, insure, rent, or sell for cash or credit, upon such
13 terms and conditions and for such consideration as he
14 shall determine to be reasonable, any real or personal
15 property conveyed to, or otherwise acquired by, him
16 in connection with the payment of loans made under
17 this Act;

18 (7) pursue to final collection, by way of compro-
19 mise or other administrative action, prior to reference
20 to the Attorney General, all claims against third parties
21 assigned to him in connection with loans made under
22 this Act. [This shall include authority to obtain de-
23 ficiency judgments or otherwise in the case of mort-
24 gages assigned to the Administrator. Section 3709
25 of the Revised Statutes, as amended (41 U.S.C. 5),

1 shall not apply to any contract of hazard insurance or
2 to any purchase or contract for services or supplies on
3 account of property obtained by the Administrator as a
4 result of loans made under this Act if the premium there-
5 for or the amount thereof does not exceed \$1,000. The
6 power to convey and to execute, in the name of the
7 Administrator, deeds of conveyance, deeds of release,
8 assignments and satisfactions of mortgages, and any
9 other written instrument relating to real or personal
10 property or any interest therein acquired by the Admin-
11 istrator pursuant to the provisions of this Act may be
12 exercised by the Administrator or by any officer or agent
13 appointed by him for that purpose without the execution
14 of any express delegation of power or power of attorney ;

15 (8) acquire, in any lawful manner, any property
16 (real, personal, or mixed, tangible or intangible) , when-
17 ever deemed necessary or appropriate to the conduct of
18 the activities authorized in sections 6 and 7 of this Act ;

19 (9) in addition to any powers, functions, privileges,
20 and immunities otherwise vested in him, take any and
21 all actions, including the procurement of the services of
22 attorneys by contract, determined by him to be neces-
23 sary or desirable in making, servicing, compromising,
24 modifying, liquidating, or otherwise administratively
25 dealing with or realizing on loans made under this Act ;

1 (10) to such an extent as he finds necessary to
2 carry out the provisions of this Act, procure the tem-
3 porary (not in excess of six months) service of experts
4 or consultants or organizations thereof, including steno-
5 graphic reporting services, by contract or appointment,
6 and in such cases such service shall be without regard to
7 the civil service and classification laws, and, except in
8 the case of stenographic reporting services by organiza-
9 tions, without regard to section 3709 of the Revised
10 Statutes (41 U.S.C. 5); any individual so employed
11 may be compensated at a rate not in excess of \$75 per
12 diem, and, while such individual is away from his home
13 or regular place of business, he may be allowed trans-
14 portation and not to exceed \$15 per diem in lieu of
15 subsistence and other expenses; and

16 (11) establish such rules, regulations, and proce-
17 dures as he may deem appropriate in carrying out the
18 provisions of this Act.

19 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

20 SEC. 13. Whenever the Administrator shall determine
21 that employment conditions within any area previously desig-
22 nated by him as a redevelopment area have changed to such
23 an extent that such area is no longer eligible for such desig-
24 nation under section 5 of this Act, no further assistance shall
25 be granted under this Act with respect to such area and,

1 for the purposes of this Act, such area shall not be considered
 2 a redevelopment area: *Provided*, That nothing contained
 3 herein shall (1) prevent any such area from again being
 4 designated a redevelopment area under section 5 of this Act
 5 if the Administrator determines it to be eligible under such
 6 section, or (2) affect the validity of any contracts or under-
 7 takings with respect to such area which were entered into
 8 pursuant to this Act prior to a determination by the Admin-
 9 istrator that such area no longer qualifies as a redevelop-
 10 ment area. The Administrator shall keep the departments
 11 and agencies of the Federal Government, and interested
 12 State or local agencies, advised at all times of any changes
 13 made hereunder with respect to the designation of any area.

14 URBAN RENEWAL

15 SEC. 14. Title I of the Housing Act of 1949, as
 16 amended, is amended by adding at the end thereof the
 17 following new section:

18 "REDEVELOPMENT AREAS UNDER THE AREA

19 REDEVELOPMENT ACT

20 "SEC. 113. (a) When the Area Redevelopment Admin-
 21 istrator certifies to the Administrator (1) that any county,
 22 city, or other municipality (in this section referred to as a
 23 'municipality') is situated in an area designated under sec-
 24 tion 5 of the Area Redevelopment Act as a redevelopment
 25 area, and (2) that there is a reasonable probability that with

1 assistance provided under such Act and other undertakings
2 the area will be able to achieve more than temporary im-
3 provement in its economic development, the Administrator
4 is authorized to provide financial assistance to a local public
5 agency in any such municipality under this title and the pro-
6 visions of this section.

7 “(b) The Administrator may provide such financial
8 assistance under this section without regard to the require-
9 ments or limitations of section 110(c) that the project area
10 be clearly predominantly residential in character or that it
11 be redeveloped for predominantly residential uses; but no
12 such assistance shall be provided in any area if such Admin-
13 istrator determines that it will assist in relocating business
14 operations from one area to another when such assistance
15 will result in substantial detriment to the area of original
16 location by increasing unemployment.

17 “(c) Financial assistance under this section may be
18 provided for any project involving a project area including
19 primarily industrial or commercial structures suitable for
20 rehabilitation under the urban renewal plan for the area.

21 “(d) Notwithstanding any other provision of this title,
22 a contract for financial assistance under this section may
23 include provisions permitting the disposition of any land in
24 the project area designated under the urban renewal plan
25 for industrial or commercial uses to any public agency or

1 nonprofit corporation for subsequent disposition as promptly
2 as practicable by such public agency or corporation for the
3 redevelopment of the land in accordance with the urban re-
4 newal plan: *Provided*, That any disposition of such land
5 under this section shall be made at not less than its fair
6 value for uses in accordance with the urban renewal plan:
7 *And provided further*, That the purchasers from or lessees
8 of such public agency or corporation, and their assignees,
9 shall be required to assume the obligations imposed under
10 section 105 (b).

11 “(e) Following the execution of any contract for finan-
12 cial assistance under this section with respect to any project,
13 the Administrator may exercise the authority vested in him
14 under this section for the completion of such projects, not-
15 withstanding any determination made after the execution of
16 such contract that the area in which the project is located
17 may no longer be a redevelopment area under the Area
18 Redevelopment Act.”

19 URBAN PLANNING GRANTS

20 SEC. 15. Paragraph (3) of section 701 (a) of the Hous-
21 ing Act of 1954 is amended by inserting after “counties
22 which” the following: “(A) are situated in areas desig-
23 nated by the Area Redevelopment Administrator under sec-
24 tion 5 (a) of the Area Redevelopment Act as redevelopment
25 areas or (B)”.

1 VOCATIONAL TRAINING

2 SEC. 16. (a) The Secretary of Labor, in consultation
3 with the Administrator, shall determine the vocational train-
4 ing or retraining needs of unemployed individuals residing
5 in, or who were last employed in, redevelopment areas and
6 shall cooperate with the Secretary of Health, Education,
7 and Welfare and with existing State and local agencies and
8 officials in charge of existing programs relating to vocational
9 training and retraining for the purpose of assuring that the
10 facilities and services of such agencies are made fully avail-
11 able to such individuals.

12 (b) Whenever the Secretary of Labor finds that addi-
13 tional facilities or services are needed in the area to meet the
14 vocational training or retraining needs of such individuals, he
15 shall so advise the Secretary of Health, Education, and Wel-
16 fare. The Secretary of Health, Education, and Welfare,
17 through the Commissioner of Education, shall provide as-
18 sistance, including financial assistance when necessary, to the
19 appropriate State vocational educational agency in the pro-
20 vision of such additional facilities or services. If the Secre-
21 tary of Health, Education, and Welfare finds that the State
22 vocational educational agency is unable to provide the facili-
23 ties and services needed, he may, after consultation with
24 such agency, provide for the same by agreement or contract
25 with public or private educational institutions: *Provided,*

1 That any vocational training or retraining provided under
2 this section shall be designed to enable unemployed in-
3 dividuals to qualify for new employment in the redevelop-
4 ment area in which they reside or were last employed.

5 (c) The Secretary of Labor shall arrange to provide
6 any necessary technical assistance for setting up apprentice-
7 ships, and to promote journeyman and other job training
8 in the area.

9 RETRAINING SUBSISTENCE PAYMENTS

10 SEC. 17. (a) The Secretary of Labor in consultation
11 with the Administrator shall, on behalf of the United States,
12 enter into agreements with States in which redevelopment
13 areas are located, under which the Secretary of Labor shall
14 make payments to such States for the purpose of enabling
15 such States, as agents of the United States, to make weekly
16 retraining payments to unemployed individuals residing
17 within such redevelopment areas who are not entitled to
18 unemployment compensation (either because their unem-
19 ployment compensation benefits have been exhausted or
20 because they were not insured for such compensation) and
21 who have been certified by the Secretary of Labor to be
22 undergoing vocational training or retraining under section 16
23 of this Act. Such payments shall be made only during the
24 period the individual is receiving vocational training or re-
25 training under section 16 of this Act, but not in any event to

1 exceed sixteen weeks, and the amounts of such payments
2 shall be equal to the amount of the average weekly unem-
3 ployment compensation payment payable in the State mak-
4 ing such payments.

5 (b) The Secretary of Labor and the Administrator shall
6 jointly prescribe such rules and regulations as they may
7 deem necessary to carry out the provisions of this section.

8 (c) There are hereby authorized to be appropriated
9 such sums, not in excess of \$10,000,000 annually, as may
10 be necessary to carry out the provisions of this section.

11 PENALTIES

12 SEC. 18. (a) Whoever makes any statement knowing
13 it to be false, or whoever willfully overvalues any security,
14 for the purpose of obtaining for himself or for any applicant
15 any loan, or extension thereof by renewal, deferment of
16 action, or otherwise, or the acceptance, release, or substitu-
17 tion of security therefor, or for the purpose of influencing in
18 any way the action of the Administrator, or for the purpose
19 of obtaining money, property, or anything of value, under
20 this Act, shall be punished by a fine of not more than
21 \$10,000 or by imprisonment for not more than five years,
22 or both.

23 (b) Whoever, being connected in any capacity with
24 the Administrator, (1) embezzles, abstracts, purloins, or will-
25 fully misapplies any moneys, funds, securities, or other things

1 of value, whether belonging to him or pledged or otherwise
2 entrusted to him, or (2) with intent to defraud the Admin-
3 istrator or any other body politic or corporate, or any indi-
4 vidual, or to deceive any officer, auditor, or examiner of the
5 Administration, makes any false entry in any book, report, or
6 statement of or to the Administrator, or without being duly
7 authorized, draws any order or issues, puts forth, or assigns
8 any note, debenture, bond, or other obligation, or draft, bill
9 of exchange, mortgage, judgment, or decree thereof, or (3)
10 with intent to defraud participates, shares, receives directly
11 or indirectly any money, profit, property, or benefit through
12 any transaction, loan, commission, contract, or any other act
13 of the Administrator, or (4) gives any unauthorized infor-
14 mation concerning any future action or plan of the Adminis-
15 trator which might affect the value of securities, or having
16 such knowledge, invests or speculates, directly or indirectly,
17 in the securities or property of any company or corporation
18 receiving loans or other assistance from the Administrator,
19 shall be punished by a fine of not more than \$10,000 or by
20 imprisonment for not more than five years, or both.

21 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
22 EMPLOYEES

23 SEC. 19. No loan shall be made by the Administrator
24 under this Act to any business enterprise unless the owners,
25 partners, or officers of such business enterprise (1) certify

1 to the Administrator the names of any attorneys, agents,
2 or other persons engaged by or on behalf of such business
3 enterprise for the purpose of expediting applications made
4 to the Administrator for assistance of any sort, and the fees
5 paid or to be paid to any such person; and (2) execute an
6 agreement binding any such business enterprise for a
7 period of two years after any assistance is rendered by the
8 Administrator to such business enterprise, to refrain from
9 employing, tendering any office or employment to, or retain-
10 ing for professional services, any person who, on the date
11 such assistance or any part thereof was rendered, or within
12 one year prior thereto, shall have served as an officer, attor-
13 ney, agent, or employee of the Administration, occupying a
14 position or engaging in activities which the Administrator
15 shall have determined involve discretion with respect to the
16 granting of assistance under this Act.

17 RECORD OF APPLICATIONS

18 SEC. 20. The Administrator shall maintain as a perma-
19 nent part of the records of the Administration a list of appli-
20 cations approved, which shall be kept available for public
21 inspection during the regular business hours of the Adminis-
22 tration. The following information shall be posted in such
23 list as soon as each application is approved: (1) the name
24 of the applicant and, in the case of corporate applications,
25 the names of the officers and directors thereof, (2) the

1 amount and duration of the loan for which application is
2 made, (3) the purposes for which the proceeds of the loan
3 are to be used, and (4) a general description of the security
4 offered.

5 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

6 SEC. 21. The Administrator shall take such action as
7 may be necessary to insure that all laborers and mechanics
8 employed by contractors or subcontractors on projects under-
9 taken by public applicants assisted under this Act (1) shall
10 be paid wages at rates no less than those prevailing on the
11 same type of work on similar construction in the immediate
12 locality as determined by the Secretary of Labor in accord-
13 ance with the Act of August 30, 1935 (Davis-Bacon Act),
14 and (2) shall be employed not more than forty hours in any
15 one week unless the employee receives wages for his em-
16 ployment in excess of the hours specified above at a rate not
17 less than one and one-half times the regular rate at which
18 he is employed.

19 ANNUAL REPORT

20 SEC. 22. The Administrator shall make a comprehen-
21 sive and detailed annual report to the Congress of his oper-
22 ations under this Act for each fiscal year beginning with the
23 fiscal year ending June 30, 1962. Such report shall be
24 printed, and shall be transmitted to the Congress not later
25 than January 3 of the year following the fiscal year with

1 respect to which such report is made. Such report shall
2 show, among other things, (1) the number and size of Gov-
3 ernment contracts for the furnishing of supplies and services
4 placed with business firms located in redevelopment areas,
5 and (2) the amount and duration of employment resulting
6 from such contracts. Upon the request of the Adminis-
7 trator, the various departments and agencies of the Govern-
8 ment engaged in the procurement of supplies and services
9 shall furnish to the Administrator such information as may
10 be necessary for the purposes of this section.

11 APPROPRIATION

12 SEC. 23. There are hereby authorized to be appropri-
13 ated such sums as may be necessary to carry out the pro-
14 visions of this Act.

15 USE OF OTHER FACILITIES

16 SEC. 24. (a) To avoid duplication of activities and
17 minimize expense in carrying out the provisions of this Act,
18 the Administrator shall, to the extent practicable and with
19 their consent, use the available services and facilities of other
20 agencies and instrumentalities of the Federal Government
21 on a reimbursable basis.

22 (b) Departments and agencies of the Federal Govern-
23 ment shall exercise their powers, duties, and functions in such
24 manner as will assist in carrying out the objectives of this
25 Act. This Act shall be supplemental to any existing au-

1 thority, and nothing herein shall be deemed to be restrictive
2 of any existing powers, duties, and functions of any other
3 department or agency of the Federal Government.

4 RECORDS AND AUDIT

5 SEC. 25. (a) Each recipient of assistance under section
6 6 or 7 of this Act shall keep such records as the Adminis-
7 trator shall prescribe, including records which fully disclose
8 the amount and the disposition by such recipient of the pro-
9 ceeds of such assistance, the total cost of the project or under-
10 taking in connection with which such assistance is given or
11 used, and the amount and nature of that portion of the cost of
12 the project or undertaking supplied by other sources, and
13 such other records as will facilitate an effective audit.

14 (b) The Administrator and the Comptroller General of
15 the United States, or any of their duly authorized repre-
16 sentatives, shall have access for the purpose of audit and
17 examination to any books, documents, papers, and records
18 of the recipient that are pertinent to assistance received under
19 section 6 or 7 of this Act.

20 APPLICATION OF ACT

21 SEC. 26. As used in this Act, the term "United States"
22 includes the several States, the District of Columbia, and the
23 Commonwealth of Puerto Rico.

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

By Mr. DOUGLAS, Mr. CLARK, Mr. COOPER, Mr. BYRD of West Virginia, Mr. RANDOLPH, Mr. SPARKMAN, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. BEALL, Mr. JAVITS, Mr. HUMPHREY, Mr. MORSE, Mr. PASTORE, Mr. KEFAUVER, Mr. MONRONEY, Mr. ANDERSON, Mr. SYMINGTON, Mr. CHAVEZ, Mr. MAGNUSON, Mr. MCCARTHY, Mr. McNAMARA, Mr. JACKSON, Mr. HART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. BIBLE, Mr. CHURCH, Mr. HARTKE, Mr. GRUENING, Mr. MOSS, Mr. BARTLETT, Mr. McGEHE, Mr. YOUNG of Ohio, Mr. LONG of Hawaii, Mr. YARBOROUGH, Mr. ENGLE, Mr. DODD, Mr. BURDICK, Mrs. NEUBERGER, Mr. METCALF, Mr. LONG of Missouri, Mr. PELL, Mr. SMITH of Massachusetts, and Mr. CANNON

JANUARY 5 (legislative day, JANUARY 4), 1961

Read twice and referred to the Committee on
Banking and Currency

By Mr. ALLOTT:

S. 157. A bill providing for the appointment of an additional district judge for the District of Colorado; to the Committee on the Judiciary.

By Mr. MORSE:

S. 158. A bill to confer upon the Domestic Relations Branch of the Municipal Court for the District of Columbia jurisdiction to hear and determine the petition for adoption filed by Marie Taffaferro; to the Committee on the District of Columbia.

S. 159. A bill for the relief of the estate of Gerald E. Helmer; and

S. 160. A bill for the relief of Thomas O. Tate, Jr.; to the Committee on the Judiciary.

S. 161. A bill to amend the Federal Employees' Group Life Insurance Act of 1954 so as to extend insurance coverage to certain employees engaged in hazardous activities; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. MORSE when he introduced the above-mentioned bills, which appear under separate headings.)

By Mr. MUNDT (for himself, Mr. SCOTT, Mr. PROUTY, Mr. KEFAUVER, Mr. BIBLE, Mr. KUCHEL, Mr. BUSE, Mr. KEATING, Mr. SCHOEPPPEL, Mr. FONG, Mr. BRIDGES, Mr. YOUNG of North Dakota, Mr. BENNETT, Mr. COOPER, Mr. CASE of New Jersey, Mr. HOLLAND, Mr. HUMPHREY, Mr. THURMOND, Mr. RANDOLPH, Mr. SMATHERS, Mr. CARROLL, and Mr. DWORSHAK):

S. 162. A bill creating a commission to be known as the Commission on Noxious and Obscene Matters and Materials; to the Committee on Government Operations.

By Mr. THURMOND:

S. 163. A bill to provide for the conveyance of certain real property to the city of Myrtle Beach, S.C., for National Guard purposes; to the Committee on Armed Services.

By Mr. MORSE:

S. 164. A bill for the relief of Cherie Helen Bratton; to the Committee on the Judiciary. (See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. MORSE (for himself and Mr. HUMPHREY):

S. 165. A bill to require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities; to the Committee on Rules and Administration.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. KEFAUVER:

S. 166. A bill to amend the Clayton Act, as amended, by requiring prior notification of corporate mergers and acquisitions, and for other purposes;

S. 167. A bill to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes;

S. 168. A bill to make the Sherman Act and the Federal Trade Commission Act applicable to the organized team sport of baseball and to limit the applicability of such laws so as to exempt certain aspects of the organized professional team sports of baseball, football, basketball, and hockey, and for other purposes;

S. 169. A bill for the relief of Dr. Rodolfo De Oca;

S. 170. A bill for the relief of Dr. Eugenio De Lacruz and his wife, Josefa Ancheta Lacruz;

S. 171. A bill for the relief of Bernard J. Braganza; and

S. 172. A bill for the relief of Chi Yan Chu; to the Committee on the Judiciary.

(See the remarks of Mr. KEFAUVER when he introduced the first three above-mentioned bills, which appear under separate headings.)

By Mr. JOHNSTON (for himself and Mr. HUMPHREY):

S. 173. A bill to provide for the increased use of agricultural products for industrial purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. JOHNSTON when he introduced the above bill, which appear under a separate heading.)

By Mr. ANDERSON:

S. 174. A bill to establish a National Wilderness Preservation System for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. ANDERSON when he introduced the above bill, which appear under a separate heading.)

By Mr. MOSS:

S. 175. A bill to amend the Colorado River Storage Project Act with respect to the protection of national parks and monuments under the provisions of such act; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. MOSS when he introduced the above bill, which appear under a separate heading.)

By Mr. KEATING:

S. 176. A bill for the relief of Robert Roberts;

S. 177. A bill for the relief of Hadji Benlevi; and

S. 178. A bill for the relief of Michael J. Collins; to the Committee on the Judiciary.

By Mr. JOHNSTON:

S. 179. A bill to amend section 201 of the Act of September 21, 1959 (73 Stat. 610); to provide for the nutritional enrichment and the sanitary transportation and storage of rice distributed under certain programs; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. JOHNSTON when he introduced the above bill, which appear under a separate heading.)

By Mrs. SMITH of Maine (for herself, Mr. BEALL, Mr. CHAVEZ, and Mr. MORSE):

S.J. Res. 1. Joint resolution proposing an amendment to the Constitution of the United States providing for nomination of candidates for President and Vice President, and for election of such candidates by popular vote; to the Committee on the Judiciary.

(See the remarks of Mrs. SMITH of Maine when she introduced the above joint resolution, which appear under a separate heading.)

By Mr. JOHNSTON:

S.J. Res. 2. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; to the Committee on the Judiciary.

(See the remarks of Mr. JOHNSTON when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. DIRKSEN (by request):

S.J. Res. 3. Joint resolution designating the American Marigold (*tagetes erecta*) as the national floral emblem of the United States; to the Committee on the Judiciary.

By Mr. DODD:

S.J. Res. 4. Joint resolution proposing an amendment to the Constitution of the United States relative to the election of President and Vice President; to the Committee on the Judiciary.

(See the remarks of Mr. DODD when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. GOLDWATER:

S.J. Res. 5. Joint resolution for the establishment of a commission to study the non-mineral public land laws of the United

States to facilitate the enactment of a more effective, simplified, and adequate system of laws governing the transfer of title to public lands to individuals, associations, corporations, and to State and local governments or their instrumentalities; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON:

S.J. Res. 6. Joint resolution to provide for the reappointment of Dr. Jerome C. Hunsaker as Citizen Regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

(See the remarks of Mr. ANDERSON when he introduced the above joint resolution, which appear under a separate heading.)

S.J. Res. 7. Joint resolution proposing an amendment to the Constitution of the United States relating to the adjournment of Congress; to the Committee on the Judiciary.

By Mr. HOLLAND (for himself and Mr. SMATHERS):

S.J. Res. 8. Joint resolution to provide for the designation of the week of Whitsunday of each year as Hernando de Soto Week; to the Committee on the Judiciary.

By Mr. SMATHERS:

S.J. Res. 9. Joint resolution proposing an amendment to the Constitution relating to the nomination and election of candidates for President and Vice President, and to succession to the office of President in the event of the death or inability of the President; to the Committee on the Judiciary.

S.J. Res. 10. Joint resolution to establish a Commission to study and propose improvements in the methods of nominating and electing the President and Vice President; to the Committee on Rules and Administration.

By Mr. CASE of South Dakota:

S.J. Res. 11. Joint resolution proposing an amendment to the Constitution of the United States providing for a term of 4 years for Members of the House of Representatives; to the Committee on the Judiciary.

(See the remarks of Mr. CASE of South Dakota when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. MUNDT (for himself, Mr. THURMOND, Mr. MCCLELLAN, Mr. HRUSKA, Mr. MORTON, and Mr. BLAKLEY):

S.J. Res. 12. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; to the Committee on the Judiciary.

(See the remarks of Mr. MUNDT when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. JACKSON (for himself and Mr. MAGNUSON):

S.J. Res. 13. Joint resolution to authorize the construction of a hotel and related facilities in Mount Rainier National Park; to the Committee on Interior and Insular Affairs.

By Mr. KEFAUVER:

S.J. Res. 14. Joint resolution to amend the Constitution of the United States concerning residence requirement for voting for President and Vice President of the United States;

S.J. Res. 15. Joint resolution proposing an amendment to the Constitution to repeal the 22d article of amendment to the Constitution;

S.J. Res. 16. Joint resolution proposing an amendment to the Constitution of the United States providing for nomination of candidates for President and Vice President by primary elections;

S.J. Res. 17. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President;

S.J. Res. 18. Joint resolution to amend the Constitution to authorize Governors to fill temporary vacancies in the House of Representatives;

S.J. Res. 19. Joint resolution proposing an amendment to the Constitution of the United States relating to cases where the President is unable to discharge the powers and duties of his office; and

S.J. Res. 20. Joint resolution proposing an amendment to the Constitution of the United States granting to citizens of the United States who have attained the age of 18 the right to vote; to the Committee on the Judiciary.

(See the remarks of Mr. KEFAUVER when he introduced the above joint resolutions, which appear under a separate heading.)

CONCURRENT RESOLUTION PRESIDENTIAL POWER TO VETO ITEMS IN CERTAIN BILLS

Mr. BUSH (for himself, Mr. BYRD of Virginia, and Mr. WILLIAMS of Delaware) submitted a concurrent resolution (S. Con. Res. 2); which was referred to the Committee on Rules and Administration.

RESOLUTIONS

AMENDMENT OF RULE XIV OF STANDING RULES OF THE SENATE

Mr. DIRKSEN submitted the following resolution (S. Res. 15); which was referred to the Committee on Rules and Administration:

Resolved, That, effective at the beginning of the second session, Eighty-fifth Congress, paragraph numbered 1 of rule XIV of the Standing Rules of the Senate be, and the same is hereby, amended by adding after the word "day", after the end of said paragraph, a semicolon and the following: "and no bill, resolution, or amendment may be introduced or proposed jointly by two or more Senators, except that (1) the two Senators from any State may jointly introduce or propose any private bill or resolution or any bill, resolution, or amendment of a local nature or of interest primarily to the residents of such State, and (2) two or more Senators may jointly introduce or propose any bill or joint resolution authorizing the States represented by them to negotiate or to enter into an interstate compact. Except as provided above, the affixing of the names of two or more Senators to a bill, resolution, or amendment is unauthorized."; so that as amended the paragraph will read as follows:

"1. Whenever a bill or joint resolution shall be offered, its introduction shall, if objected to, be postponed for one day; and no bill, resolution, or amendment may be introduced or proposed jointly by two or more Senators, except that (1) the two Senators from any State may jointly introduce or propose any private bill or resolution or any bill, resolution, or amendment of a local nature or of interest primarily to the residents of such State, and (2) two or more Senators may jointly introduce or propose any bill or joint resolution authorizing the States represented by them to negotiate or to enter into an interstate compact. Except as provided above, the affixing of the names of two or more Senators to a bill, resolution, or amendment is unauthorized."

AUTHORIZATION FOR CERTAIN EXPENDITURES BY COMMITTEE ON PUBLIC WORKS

Mr. CHAVEZ submitted the following resolution (S. Res. 16); which was referred to the Committee on Public Works:

Resolved, That the Committee on Public Works, or any duly authorized subcommittee thereof, is authorized under sections 134

and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate from February 1, 1961, to January 31, 1962, inclusive, to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and of the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any departments or agencies of the Government.

SEC. 2. The expenses of the committee under this resolution, which shall not exceed \$125,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

PARTICIPATION IN CONFERENCE ON TARIFF MODIFICATIONS

Mr. DWORSHAK submitted the following resolution (S. Res. 17), which was referred to the Committee on Finance:

Whereas the present imbalance of dollar payments which has resulted in a serious drain on the gold reserves of the United States has been caused in large part by concessions in tariffs negotiated through the General Agreement on Tariffs and Trade;

Whereas conferences which may lead to further tariff concessions through the General Agreement on Tariffs and Trade are now being held in Geneva, Switzerland; and

Whereas participation by the United States in the General Agreement on Tariffs and Trade has never been approved by the Congress: Now, therefore, be it

Resolved, That it is the sense of the Senate that the participation by the United States in the conferences seeking further modifications in our tariffs through the General Agreement on Tariffs and Trade should be terminated immediately and all representatives of the United States at such conferences should be recalled.

SELECT COMMITTEE TO INVESTIGATE IMPACT OF LABOR-MANAGEMENT DISPUTES AND OF COLLECTIVE BARGAINING ON THE NATIONAL ECONOMY AND THEIR EFFECT ON AMERICAN PUBLIC

Mr. GOLDWATER submitted the following resolution (S. Res. 18), which was referred to the Committee on Labor and Public Welfare:

Resolved, That there is hereby established a select committee which is authorized and directed to conduct an investigation and study of the impact of labor-management disputes and of collective bargaining generally on the national economy, and the effects thereof on the well-being of the American public as a whole, and to determine whether any changes are required in the laws of the United States in order to protect the national economy and to safeguard the interests of the public.

SEC. 2. (a) The select committee shall consist of eight members to be appointed by the Vice President, selected in equal numbers from the Committee on Interstate and Foreign Commerce and the Committee on Labor and Public Welfare, and two members from each committee shall be members of the

majority and two of the minority Members of the Senate. At its first meeting, to be called by the Vice President, the select committee shall select a chairman and vice chairman, and adopt rules of procedures not inconsistent with the rules of the Senate.

(b) Any vacancy shall be filled in the same manner as the original appointments.

SEC. 3. (a) The select committee shall report to the Senate by January 31, 1962, inclusive, and shall, if deemed appropriate, include in its report specific legislative recommendations.

(b) Upon the filing of its final report the select committee shall cease to exist.

SEC. 4. For the purposes of this resolution the select committee is authorized to (1) make such expenditures from the contingent fund of the Senate; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) take such testimony; (5) employ on a temporary basis such technical, clerical, and other assistants and consultants; and (6) with the prior consent of the executive department or agency concerned and the Committee on Rules and Administration, employ on a reimbursable basis such executive branch personnel, as it may deem necessary and appropriate; and further, with the consent of other committees or subcommittees, work in conjunction with and utilize their staffs, as it shall be deemed necessary and appropriate in the judgment of the chairman of the select committee.

SEC. 5. The expenditures authorized by this resolution shall not exceed \$, and shall be paid upon vouchers signed by the chairman of the select committee.

FUNERAL EXPENSES OF THE LATE SENATOR HENNINGS OF MISSOURI

Mr. SYMINGTON submitted the following resolution (S. Res. 19), which was referred to the Committee on Rules and Administration:

Resolved, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and attend the funeral of the Honorable Thomas C. Hennings, Jr., late a Senator from the State of Missouri, on vouchers to be approved by the chairman of the Committee on Rules and Administration.

THE AREA REDEVELOPMENT BILL

Mr. DOUGLAS. Mr. President, I introduce for appropriate reference the area redevelopment bill; and I am very happy to have been joined by 43 other Senators as cosponsors.

I shall try to follow the injunction of my colleagues, so as to confine my remarks to 3 minutes.

Mr. President, this is the fourth Congress in which I have introduced an area redevelopment bill. The Senate has approved such a bill on three occasions. I hope the 87th Congress will consider the bill favorably and with a sense of urgency.

The need for this bill has increased during the 5 years since the Senate first approved the distressed area bill. Rising unemployment and inadequate economic growth have accentuated the problems of unemployment throughout the Nation. The number of distressed areas has increased. There are nearly 100 such areas of substantial and persistent unemployment. In these areas,

there are at least 15 million people and over 600,000 unemployed. Unemployment throughout the Nation now exceeds 6 percent, but unemployment in the distressed areas is nearly twice as high, and in about a score of communities it exceeds depression proportions of 15 percent or more.

There are also hundreds of counties in predominantly rural areas where incomes are extremely low and unemployment is extremely high. These counties have an additional population of from 4 to 7 million.

The express purpose of the bill is to establish an effective program for reducing substantial and persistent unemployment and underemployment in the distressed areas of the country and to help maintain a continuing high level of economy throughout the United States.

This economically unhealthy situation creates hardship to many individuals and their families and impairs the national welfare by wasting human resources. This bill will assist communities, industries, enterprises, and individuals in distressed areas to achieve lasting local improvements by the development of new employment opportunities.

It is now generally accepted that the Federal Government has a responsibility to help assure maximum employment. This principle is now a part of the law of the land, through the enactment of the Employment Act of 1946. The persistence of high unemployment and underemployment in many areas should be fought by the Federal Government, not only because it causes great human suffering in these areas, but also because these conditions are a threat to the general welfare of the Nation. The bill which we offer recognizes this responsibility to the areas of chronic unemployment and underemployment and provides for a program which will help the people in these areas expand their economic activities. The bill proposes a program which will stimulate these areas to help themselves.

I am encouraged by the growing acceptance of the principles underlying the bill.

President-elect Kennedy, who was a great champion of the bill when he served in the Senate, has given the bill a high priority in his legislative program. In receiving the task force report last Sunday, the President-elect endorsed the principles of this bill, and stated:

It would be a mistake to consider the problems of chronic unemployment and underemployment solely in the context of the areas directly affected. The entire Nation suffers when there is prolonged hardship in any locality. This problem is especially critical today, for 1 out of every 10 persons in the United States lives in an area that now feels the impact of chronic unemployment or underemployment.

I ask unanimous consent to insert in the RECORD the text of the bill, a digest of the bill, the latest U.S. Department of Labor list of substantial and persistent labor surplus areas, and an editorial from the Washington Star of January 3, 1961.

The PRESIDENT pro tempore. The bill will be received and appropriately re-

ferred; and, without objection, the bill, digest, list, and editorial will be printed in the RECORD.

The bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, introduced by Mr. DOUGLAS (for himself and other Senators), was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States.

AREA DEVELOPMENT ADMINISTRATION

SEC. 3. In order to carry out the purposes of this Act, there is hereby established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the same rate as that prescribed by law for an assistant secretary of an executive department.

ADVISORY BOARD

SEC. 4. (a) To advise the Administrator in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Administrator as Chairman; the Secretaries of Agriculture; Commerce; Defense; Health, Education, and Welfare; Interior; Labor; and Treasury; the Administrators of the General Services Administration; Housing and Home Finance Agency; and Small Business Administration; and the Director of the Office of Civil and Defense Mobilization.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Administrator shall appoint a National Public Advisory Committee on Area

Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Administrator shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Administrator relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Administrator is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry, including agriculture, which has been a primary source of high levels of unemployment or underemployment in the several areas designated by the Administrator as redevelopment areas. The Administrator may also call upon representatives of interested governmental departments and agencies, together with representatives of transportation and other industries, to participate in any conference convened under authority of this subsection whenever he determines that such participation would contribute to a solution of the problems creating such unemployment or underemployment. The representatives at any such conference shall consider with and may recommend to the Administrator plans and programs to further the objectives of this Act with special reference to the industry with respect to which the conference was convened.

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "redevelopment areas" those areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two years.

Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under the Trade Agreements Extension Act of 1951, as amended, with respect to which the President has reported to the Administrator under subsection (f) of this section, and meeting the standards of unemployment set forth in this section shall be entitled on application to a priority of consideration by the Administrator for designation as a redevelopment area.

(b) The Administrator shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Administrator shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship

of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government and/or from the State or States in which such area is located or from any municipality therein.

(c) In making the determinations provided for in this section, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(d) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior are respectively authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in this section. The Administrator shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as a redevelopment area and may include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality.

(f) In any case in which the President is required (1) under the provisions of subsection 4(a) of the Trade Agreements Extension Act of 1951 to transmit a message to the Congress identifying an article with respect to which a trade agreement has caused or threatened to cause serious injury to a domestic industry, or (2) under the provisions of subsection 7(c) of such Act to submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate stating why he has not made such adjustments in the rates of duties, imposed such quotas, or made such other modifications, as are found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to a domestic industry, he shall notify the Administrator and shall send him a copy of such message or report.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial or commercial usage, for the construction of new buildings, for rehabilitation of abandoned or unoccupied buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial or commercial use. Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

(b) Financial assistance under this section shall be on such terms and conditions as the Administrator determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any

one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 (but not to exceed \$30,000,000 prior to July 1, 1962), and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000 (but not to exceed \$30,000,000 prior to July 1, 1962);

(2) Except as provided in subsection (c), such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) No loans shall be made unless it is determined that an immediate participation is not available;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Administrator as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

(8) Such loans shall bear interest at a rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-half of 1 per centum per annum: *Provided*, That an amount equal to one-fourth of 1 per centum per annum of the outstanding principal amount of any loan made under this section shall be allocated from the payments received by the Administrator in the form of interest on such loan to a sinking fund to cover losses on loans under this section;

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in exceptional cases, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan;

(C) That in extending financial assistance under this section with respect to a re-

development area, the Administrator shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by non-governmental sources;

(D) That any Federal financial assistance extended under this section in connection with a particular project shall be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full. If any Federal financial assistance extended under this section is secured, its security shall be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Administrator an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

(c) If there is no agency or instrumentality in any State, or political subdivision thereof, qualified to approve applicants for assistance under this section as provided in paragraph (2) of subsection (b), the Administrator shall, upon determining that any area in such State is a redevelopment area, appoint a local redevelopment committee (hereinafter referred to as a "local committee") to be composed of not less than seven residents of such area who, as nearly as possible, are representative of labor, commercial, industrial, and agricultural groups, and of the residents generally of such area. In appointing any such local committee, the Administrator may include therein members of any existing local redevelopment committees. Financial assistance under this section in connection with projects located in a redevelopment area, for which a local committee has been appointed under this section, shall be extended only to applicants, both private and public (including Indian tribes), which have been approved by such local committee.

(d) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in redevelopment areas designated under section 5(a), and not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in redevelopment areas designated under section 5(b).

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area or part thereof, the Administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) No loan under this section shall be for an amount in excess of 65 per centum of the aggregate cost of the project for which such loan is made. Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-quarter of 1 per centum per annum.

(c) In making any loan under this section, the Administrator shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan. In determining the amount of participation required under this subsection with respect to any particular project, the Administrator shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

(d) Any loan made under this section in connection with a particular project shall be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full. If any loan made under this section is secured, its security shall be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(e) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(f) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section: *Provided*, That not more than \$30,000,000 shall be deposited in such fund prior to July 1, 1962.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) The Administrator may conduct studies of needs in the various redevelopment areas throughout the United States for, and the probable cost of, land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities within such areas, and may receive proposals from any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area, or part thereof, relating to land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities

within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Administrator, in consultation with such entity, is authorized to modify all or any part of such proposal.

(b) The Administrator, pursuant to a proposal received by him under this section, may make grants to any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area, or part thereof, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute; and

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(c) The Administrator shall by regulation provide for the supervision of carrying out of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(e) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section: *Provided*, That not to exceed \$10,000,000 shall be appropriated for such purpose prior to July 1, 1962.

FUNDS FOR LOANS

SEC. 9. To obtain funds for loans under this Act, the Administrator may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000: *Provided*, That the amount of such notes and obligations which are outstanding prior to July 1, 1962, shall not exceed \$90,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and

shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

INFORMATION

SEC. 10. The Administrator shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act, the Administrator is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 12. In performing his duties under this Act, the Administrator is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Administrator shall determine, and pay the costs of qualification of certain of them as notaries public;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or

instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Administrator;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Administrator, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, comprising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any

individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Administrator determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as a redevelopment area. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) When the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public

agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be a redevelopment area under the Area Redevelopment Act."

URBAN PLANNING GRANTS

SEC. 15. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

VOCATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor, in consultation with the Administrator, shall determine the vocational training or retraining needs of unemployed individuals residing in, or who were last employed in, redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions: *Provided*, That any vocational training or retraining provided under this section shall be designed to enable unemployed individuals to qualify for new employment in the redevelopment area in which they reside or were last employed.

(c) The Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeships, and to promote journeyman and other job training in the area.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Administrator shall, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are not entitled to unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be un-

dergoing vocational training or retraining under section 16 of this Act. Such payments shall be made only during the period the individual is receiving vocational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) The Secretary of Labor and the Administrator shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administrator, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Administrator, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Administrator or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administrator, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participators, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administrator, or (4) gives any unauthorized information concerning any future action or plan of the Administrator which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administrator, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No loan shall be made by the Administrator under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administrator the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administrator for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administrator to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or em-

ployee of the Administration, occupying a position or engaging in activities which the Administrator shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Administrator shall maintain as a permanent part of the records of the Administration a list of applications approved, which shall be kept available for public inspection during the regular business hours of the Administration. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

ANNUAL REPORT

SEC. 22. The Administrator shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed, and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Administrator, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Administrator such information as may be necessary for the purposes of this section.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Administrator shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to, any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

APPLICATION OF ACT

SEC. 26. As used in this Act, the term "United States" includes the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

The digest, list, and editorial presented by Mr. DOUGLAS are as follows:

DIGEST OF S. 1, AREA REDEVELOPMENT BILL

SECTION 1. SHORT TITLE

This section would provide that the act may be cited as the "Area Redevelopment Act."

SECTION 2. DECLARATION OF PURPOSE

This section would declare it to be the purpose of the bill to provide Federal help for areas needing economic redevelopment so that they can expand their economic activities and alleviate the substantial unemployment and underemployment that prevail within such areas. This would be accomplished by assisting communities, industries, enterprises, and individuals to create new employment opportunities by developing and expanding new and existing facilities and resources, without substantially reducing employment in other areas of the United States.

SECTION 3. AREA REDEVELOPMENT ADMINISTRATION

This section would establish an Area Redevelopment Administration as an independent agency within the executive branch of the Government. The Administration would be headed by an Administrator appointed by the President and subject to confirmation by the Senate. The Administrator would receive a salary of \$20,000 a year.

SECTION 4. ADVISORY BOARD

Subsection (a) would create an Area Redevelopment Advisory Board to advise the Administrator in the performance of his functions under the bill. The Board would be composed of the Administrator, as Chairman, and 11 other department and agency heads whose functions are related to (or could assist in) the improvement of economic conditions in redevelopment areas. Any member of the Board could designate an officer of his agency to act for him as a member of the Board. The Chairman could invite other interested officials in the executive branch to participate in the functions of the Board.

(b) would require the Administrator to appoint a 25-member National Public Advisory Committee on Area Redevelopment, to be composed of representatives of labor, management, agriculture, and the general public, one of whom would be designated as Chairman by the Administrator. This Committee would be required to meet twice a year and make recommendations to the Administrator from time to time, to assist him in carrying out his duties under the bill.

(c) would authorize the Administrator to call together, confer with, and receive recommended plans and programs from, representatives of any industry which has been a primary source of high levels of unemployment in the areas designated by the Administrator as redevelopment areas. The Administrator would also be authorized to call upon representatives of interested governmental agencies, together with representatives of transportation and other industries, to participate in any conference called under this subsection.

SECTION 5. REDEVELOPMENT AREAS

The bill recognizes two types of redevelopment areas which will be eligible to receive Federal assistance under this bill.

Under subsection (a) an area may be designated a redevelopment area in any one of the following ways: (1) the Administrator may, at his discretion, determine that a given area has been subject to substantial and persistent unemployment for an extended period of time and designate the area an industrial redevelopment area; or (2) the Administrator must designate an industrial area as an industrial redevelopment area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 percent or more and has averaged at least 6 percent for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least (a) 50 percent above the national average for 3 of the preceding 4 calendar years, or (b) 75 percent above the national average for 2 of the preceding 3 calendar years, or (c) 100 percent above the national average for 1 of the preceding 2 years.

Areas adversely affected by trade agreements concerning which the President has notified the Administrator under section 5(f) are given priority in consideration of designation as industrial redevelopment areas.

(b) sets forth the criteria for other redevelopment areas (including Indian reservations). The Administrator is directed to designate as redevelopment area which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making these designations the Administrator is required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the proportion such low-income families are to the total farm families of each of such areas, the relationship of the income levels of families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment and the proportion of the population receiving public assistance.

(c) provides that in making determinations concerning redevelopment areas the Administrator is to be guided, but not conclusively governed, by studies made and the available information compiled by the various Federal agencies, State and local governments, universities and private organizations.

Under (d) the Administrator may also request from the Secretary of Labor, the Secretary of Agriculture, the Secretary of Commerce and the Secretary of the Interior special studies and such information and data as he deems necessary to enable him to make the determinations provided for in this section. The Administrator is required to reimburse these agencies for expenditures which they incur in connection with filling his requests.

(e) defines the term "redevelopment area" to mean any area within the United States

which has been designated by the Administrator as a redevelopment area. This provision limits the benefits of the act to the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

(f) requires the President to notify the Administrator when he reports to the Congress under the peril point procedure or when he reports to the Ways and Means and Finance Committees under the escape clause procedure of the Trade Agreements Extension Act of 1951.

SECTION 6. LOANS AND PARTICIPATIONS

Under subsection (a) the Administrator is authorized to make loans (including participations), to assist in the purchase or development of land and facilities (including in exceptional cases machinery and equipment) for industrial use, or for the construction, rehabilitation, or alteration of industrial plants. This assistance shall not be extended for working capital or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

Subsection (b) imposes the following restrictions:

(1) The total amount of loans and participations outstanding at any one time in redevelopment areas designated under section 5(a) must not exceed \$100 million, but not to exceed \$30 million prior to July 1, 1962. Similar provisions are made for redevelopment areas designated under 5(b).

(2) The assistance may only be extended to applicants which have been approved for the purpose by an agency of the State or its political subdivision concerned with problems of economic development in the State or subdivision.

(3) The project will provide more than a temporary alleviation of unemployment or underemployment.

(4) The assistance may only be extended if such financial assistance is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) An immediate participation is to be preferred to a loan.

(6) There must be reasonable assurance of repayment.

(7) The length of the loan may not exceed 25 years, plus an additional 10 years in the course of liquidating the loan.

(8) The interest must be one-half of 1 percent above the amount paid to the Secretary of the Treasury. One-quarter of 1 percent must be placed in a sinking fund to cover losses on loans.

(9) The assistance must not exceed 65 percent of the cost to the applicant, excluding other Federal aid, and the following conditions must be observed:

(A) Enough funds must be available to complete the project;

(B) At least 10 percent of the cost must be supplied by the State or a subdivision, community or area organization, as equity capital, or as a loan;

(C) In the case of a project in a redevelopment area designated under 5(a) not less than 5 percent of the cost must be supplied by nongovernmental sources;

(D) The Federal financial assistance must be repayable after other loans made in connection with the project and in accordance with this section have been repaid in full.

(10) An overall program for the economic development of the area must have been approved by the Administrator and a finding must be made by the State or a subdivision that the project is consistent with the program.

(c) provides that if there is no agency or instrumentality in a State or subdivision qualified to approve applicants under this section, the Administrator may appoint a local redevelopment committee consisting of seven or more residents of the area representing labor, commercial, industrial and

agricultural groups and the residents of the area generally.

(d) creates a revolving fund of \$100 million for projects in redevelopment areas designated under section 5(a) and another revolving fund of \$100 million for projects in redevelopment areas designated under section 5(b).

SECTION 7. LOANS FOR PUBLIC FACILITIES

(a) Loans for public facilities may be made upon the application of a State or a political subdivision thereof, or an Indian tribe, or a private or public organization or association representing a redevelopment area. The loan may be made for the purpose of financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within the redevelopment area.

(1) The project must provide more than a temporary alleviation of unemployment or underemployment, and must tend to improve the opportunities in the area for the successful establishment or expansion of industrial or commercial plants or facilities.

(2) The loan may not be granted if funds are available from other sources on reasonable terms.

(3) The amount of the loan plus other available funds must be sufficient for completion of the project.

(4) There must be a reasonable expectation of repayment.

(5) The area has an approved economic development program.

The loan is limited to 65 percent of the aggregate cost of the project, and it must mature within 40 years. The interest rate is to be one-quarter of 1 percent above the rate of interest paid by the Administrator to the Secretary of the Treasury.

(c) The Administrator must require that at least 10 percent of the cost of the project shall be supplied by the State (or any political subdivision thereof) as equity capital, or as a loan.

(d) The Federal loan is to be subordinate to other loans made in connection with the project and in accordance with this section.

(e) Prohibits financial assistance to a public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(f) A revolving fund of \$100 million is set up, from funds borrowed from the Treasury. But not more than \$30 million shall be deposited in the fund prior to July 1, 1962.

SECTION 8. GRANTS FOR PUBLIC FACILITIES

Subsection (a) authorizes the Administrator to make studies of the needs for public facilities in the various redevelopment areas and to make grants for the acquisition or development of land for public facility usage in redevelopment areas, and for the construction, rehabilitation, or improvement of public facilities in such areas.

(b) A grant may be made only pursuant to a proposal (showing the proposed project, its cost, and the proposed local contributions) received from the State or local government, Indian tribe, or from a public or private organization representing the redevelopment area.

Before the Administrator approves a grant he must find that (1) the proposed project will provide more than a temporary alleviation of unemployment or underemployment in the area, and will tend to promote indus-

trial or commercial development, (2) the entity requesting the grant will contribute to the cost of the project in proportion to its ability, and (3) the project is urgently needed in the area and could not be undertaken without such a grant. No such grant could exceed the difference between the total cost of the project and the amount available for it from other sources (including loans under sec. 7 of the bill).

(c) Directs the Administrator to issue regulations to insure that Federal funds made available for public facility projects under this section are not wasted or dissipated.

(d) imposes a restriction on grants for public utilities like the restrictions imposed on loans under subsection 7(e) described above.

(e) would authorize an appropriation not exceeding \$75 million for public facility grants under this section, of which \$10 million shall be appropriated prior to July 1, 1962.

SECTION 9. FUNDS FOR LOANS

This section would authorize the Administrator to obtain funds for making loans under sections 6 and 7 of the bill by borrowing from the Treasury in amounts not exceeding \$300 million outstanding at any one time. The amount of such notes and obligations shall not exceed \$90 million prior to July 1, 1962. The interest rate on the notes and obligations representing this borrowing would be determined by the Secretary of the Treasury at a rate not greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The amounts thus obtained from the Treasury would be used to establish the revolving funds provided for in sections 6 and 7 of the bill.

SECTION 10. INFORMATION

The Administrator is authorized to extend to firms located in redevelopment areas technical information, market research data, and other forms of assistance obtainable from the various Federal agencies which might be useful to the areas in expanding employment.

In addition, the Administrator is directed to furnish Federal procurement agencies addresses of businesses located in redevelopment areas desirous of obtaining Government contracts. The lists shall specify the supplies and services in which the designated firms are engaged.

SECTION 11. TECHNICAL ASSISTANCE

This section authorizes the Administrator to offer technical assistance to redevelopment areas. Such technical assistance might consist of data concerning the resources and the economic potential of the areas and other information that may help the economic growth of these areas. The assistance may be provided directly through members of the staff of the Area Redevelopment Administration or through contracts with private individuals, partnerships, firms, corporations, or institutions. An amount not to exceed \$4.5 million is appropriated under this section.

SECTION 12. POWERS OF ADMINISTRATOR

This section provides the Administrator with the administrative powers needed to carry out the area redevelopment program under the bill. The Administrator is authorized by this section to engage in such business transactions, and to take such action to acquire, dispose of, and otherwise deal with both real and personal property and to enforce any rights, claims, and obligations, as may be necessary or appropriate in connection with the performance of his duties under the bill; and to establish such rules and regulations as may be appropriate in carrying out the provisions of the bill.

SECTION 13. TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

Under this section the Administrator is required to terminate the eligibility for area redevelopment assistance when he finds the economic conditions within the area have improved to the extent that the area is no longer eligible for designation under section 5.

An area may be redesignated as a redevelopment area, if the economic conditions within the area deteriorate to qualify again for redevelopment assistance. No action in terminating the eligibility of an area to receive aid under this bill will affect the validity of any contracts entered into prior to the termination of eligibility.

SECTION 14. URBAN RENEWAL

This is an amendment to title I of the Housing Act of 1949 and will be designated as section 113 of that act.

Subsection (a) provides financial assistance to local public agencies in any otherwise eligible municipality where the Area Redevelopment Administrator certifies to the Administrator (HHFA) that—

(1) the municipality is situated in an area designated as a redevelopment area, and

(2) there is a probability that such assistance will contribute to more than temporary improvement in economic development.

Subsection (b) waives the "predominantly residential" requirement of section 110(c) of title I of the Housing Act of 1949, but prohibits assistance to areas in which the Administrator determines that relocation of business operations from one area to another would result in increasing unemployment in the area of original location.

(b) amends section 110(c) of title I of the Housing Act of 1949 to include as an additional type of exemption industrial or commercial redevelopment areas as defined in section 112(a). This would require that Federal capital grants for all nonresidential projects, including the new exemption, be limited to 10 percent of total capital grant authorizations.

(c) permits financial assistance to an area containing primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan.

(d) authorizes disposition of land under this section to any public agency or nonprofit corporation for subsequent disposition provided that—

(1) such disposition shall be made to the public agency or nonprofit corporation at not less than fair market value for uses in accordance with the urban renewal plan;

(2) subsequent purchasers shall be required to assume the obligations imposed under section 105(b) of title I of the Housing Act of 1949. (Sec. 105(b) requires developer to proceed with development or redevelopment promptly and in accordance with an approved plan.)

(e) permits the Administrator to continue financial assistance to complete a project even though the area in which the project is located may no longer be a redevelopment area.

SECTION 15. URBAN PLANNING GRANTS

This section amends section 701 of the Housing Act of 1954 so as to make planning grants available to communities in redevelopment areas with a population in excess of 25,000.

SECTION 16. VOCATIONAL TRAINING

This section provides that the Secretary of Labor shall determine the training or retraining needs of the labor force in a redevelopment area.

(b) If the Secretary of Labor finds that additional training or retraining facilities are needed in a redevelopment area, the Secretary of Health, Education, and Welfare is

required to assist the State vocational agency in requiring the needed vocational facilities or services. The Secretary of HEW may also enter into contracts, after due consultation with the State vocational agency, with public or private educational institutions to provide the needed facilities or services. The additional training or retraining provided under this subsection must be designed to enable the unemployed to qualify for new employment opportunities in the redevelopment area.

(c) The Secretary of Labor is required to provide technical assistance for setting up apprenticeship training facilities.

SECTION 17. RETRAINING SUBSISTENCE PAYMENTS

(a) The Secretary of Labor shall enter into agreements with States where redevelopment areas are located providing for weekly subsistence payments to unemployed persons undergoing retraining, who are not eligible to receive unemployment compensation. The subsistence payments made to any individual are limited to 16 weeks and shall be equal to the average weekly unemployment compensation benefits paid in the State.

(b) The Secretary of Labor and the Administrator shall prescribe the rules and regulations needed to carry out the provisions of subsection (a).

(c) An annual appropriation not to exceed \$10 million is authorized for retraining subsistence payments.

SECTION 18. PENALTIES

Subsection (a) makes it a crime to knowingly make a false statement or willfully overvalue a security for the purpose of obtaining a loan or of influencing any action of the Administrator or to obtain money, property, or anything of value under the act.

Subsection (b) makes it a crime for any employee or agent of the Administrator to embezzle or misapply any money or securities, or make any false entries, or to issue or assign notes or other documents with intent to defraud, or to participate or share in any loan or contract made by the Administrator with intent to defraud, or to give out any unauthorized information about the actions or plans of the Administrator, or to invest or speculate in the securities of a company receiving assistance from the Administrator.

Violation of the above is punishable by a fine not to exceed \$10,000 or imprisonment for not more than five years, or both.

SECTION 19. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

This section provides that a loan may not be made to a business enterprise unless the names of the attorneys and agents expediting the application and the fees paid to them are certified to the Administrator and unless an agreement is executed requiring the firm to refrain from employing or offering to employ or retain the professional services of an employee of the Administrator who exercised discretionary power at the time the assistance was granted or during the preceding year.

SECTION 20. RECORD OF APPLICATIONS

The Administrator is required to keep a public record of the approved applications, with the name or names of the applicants and the amount, duration and purposes of the loan, and the security given.

SECTION 21. PREVAILING RATE OF WAGE AND 40-HOUR WEEK

This section requires the Administrator to insure that all laborers and mechanics employed by contractors and subcontractors on projects undertaken by public applicants assisted under the act (1) be paid wages at rates no less than those prevailing on the same type of work on similar construc-

tion in the immediate locality as determined by the Secretary of Labor under the Davis-Bacon Act and (2) receive time and one-half for hours worked during a week in excess of 40.

SECTION 22. ANNUAL REPORT

This section would require the Administrator to submit a detailed and comprehensive annual report to the Congress, beginning with the fiscal year ending June 30, 1962. The report shall show, among other things, (1) the number and size of Government contracts placed with business firms located in redevelopment areas; and (2) the amount and duration of employment resulting from such contracts. The various procurement agencies, upon the request of the Administrator, are directed to furnish the Administrator such information as may be necessary to enable him to carry out his duties under this section.

SECTION 23. APPROPRIATIONS

This section provides authorization for appropriations necessary to carry out the provisions of the act.

SECTION 24. USE OF OTHER FACILITIES

This section requires the Administrator to use available services and the advice of other Government agencies on a reimbursable basis, to the extent practicable and with their consent. It also requires Government agencies to exercise their powers, duties, and functions so as to assist in carrying out the objectives of the act.

SECTION 25. RECORDS AND AUDITS

This section requires borrowers under sections 6 and 7 to keep records of their activities and to allow the Administrator and the Comptroller General access to their records.

SECTION 26. APPLICATION OF THE ACT

The terms of this act are applicable to the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

AREAS OF SUBSTANTIAL AND PERSISTENT LABOR SURPLUS, NOVEMBER 1960

MAJOR AREAS

Indiana: Evansville, Terre Haute.
Massachusetts: Fall River, Lawrence-Haverhill, Lowell, New Bedford.
Michigan: Detroit, Muskegon-Muskegon Heights.
New Jersey: Atlantic City.
Ohio: Lorain-Elyria.
Pennsylvania: Altoona, Erie, Johnstown, Scranton, Wilkes-Barre, Hazleton.
Puerto Rico: Mayaguez, Ponce, San Juan.
Rhode Island: Providence-Pawtucket.
West Virginia: Charleston, Huntington-Ashland, Wheeling.

SMALLER AREAS

Alabama: Florence-Sheffield, Jasper.
Alaska: Anchorage.
Connecticut: Bristol, Danielson, Norwich.
Illinois: Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Mount Vernon.
Indiana: Vincennes.
Kansas: Pittsburg.
Kentucky: Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Owensboro, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.
Maine: Biddeford-Sanford, Lewiston-Auburn.
Maryland: Cambridge, Cumberland, Hagerstown.
Massachusetts: North Adams.
Michigan: Adrian, Bay City, Iron Mountain, Marquette, Monroe, Port Huron.
Missouri: Flat River.
Montana: Butte, Kallispell.
New Jersey: Bridgeton, Long Branch.
New York: Amsterdam, Auburn, Elmira, Gloversville, Ogdensburg-Massena-Malone.
North Carolina: Fayetteville, Mount Airy.
Ohio: Portsmouth-Chillicothe.
Oklahoma: McAlester, Muskogee.

Pennsylvania: Berwick-Bloomsburg, Butler, Clearfield-Du Bois, Kittanning-Ford City, Lewistown, Meadville, New Castle, Pottsville, St. Marys, Sunbury-Shamokin-Mount Carmel, Uniontown-Connellsville.

Tennessee: La Follette-Jellico-Tazewell.

Virginia: Big Stone Gap-Appalachia.

Washington: Aberdeen, Anacortes, Port Angeles.

West Virginia: Beckley, Bluefield, Clarksburg, Fairmont, Logan, Morgantown, New Martinsville, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

Areas officially classified as "areas of substantial labor surplus" by the Bureau of Employment Security, which meet the additional criteria for designation as areas with "substantial and persistent" unemployment as summarized below:

SUMMARY OF CRITERIA FOR DESIGNATING "AREAS OF SUBSTANTIAL AND PERSISTENT LABOR SURPLUS"

1. Unemployment is now 6 percent or more of the labor force, discounting seasonal or temporary factors.

2. The annual average unemployment rate¹ in the area has been:

(a) At least 50 percent above the national average for 3 of the preceding 4 calendar years; or

(b) At least 75 percent above the national average for 2 of the preceding 3 calendar years; or

(c) At least 100 percent above the national average for 1 of the preceding 2 calendar years.

National average unemployment rates

Year:	Rate
1956-----	4.2
1957-----	4.3
1958-----	6.8
1959-----	5.5

Data on annual average unemployment rates for individual areas are based on information compiled from area labor market reports prepared by State employment security agencies in connection with the Bureau of Employment Security's regular program for the classification of areas according to the relative adequacy of labor supply. Reports containing such unemployment and labor force data are generally available on a bimonthly basis for the major areas, and semiannually for smaller areas. Preliminary data were utilized in some instances in determining the annual average unemployment rates.

Source: U.S. Department of Labor. Area Labor Market Trends, November 1960, pp. 18, 19.

[From the Washington Evening Star, Jan. 3, 1961]

OF HIGHEST PRIORITY

The need for some sort of governmental assistance to areas that are suffering deep and prolonged economic distress is one that is above and beyond partisan politics. It is, on the whole, a two-part need—calling for something in the nature of emergency relief for many individuals and for longer term efforts to rehabilitate many areas. The special labor-management-governmental study group headed by Senator DOUGLAS, of Illinois, has recognized these essentials of the problem and its recommendations to President-elect Kennedy contain constructive and worthwhile proposals. Mr. Kennedy, in turn, has promised the most important domestic priority to the matter, with the likelihood that congressional action in this field will be one of the first implementations of his campaign pledges.

Perhaps the simplest of the Douglas committee proposals, and one that presumably

¹ Unemployment rate: Unemployment or a percent of the labor force.

could be activated most promptly, is that of making additional surplus foodstuffs available for distribution in centers where long unemployment has left families with little or no means of self-support. Many such commodities are available, and the cost of their distribution would be insignificant in relation to the need. The committee also is on sound ground, while referring to unemployment insurance as a first line of defense against the hardships of joblessness, in proposing that there should be temporary Federal supplementation of the insurance funds in certain States, with a later effort to work out a "general improvement" in this portion of the social security system.

As a long-term proposition, it is evident that a massive revitalization of certain areas is essential if they are to escape a permanent state of depression. West Virginia, with its overwhelming dependence upon the suffering soft-coal industry, is a prime example but not the only one. As the Douglas committee points out, the problem of attracting new industries or reviving existing ones in such regions will require the thoughtful cooperation of all levels of government, from local to Federal, as well as imaginative private initiative.

Quite logically, no price tag has been placed on this overall attack on a problem of importance to the entire Nation. It is, in any case, a job that must be done and which should be tackled without hesitation. On both humanitarian and economic grounds, the need is urgent and the returns can be great.

The PRESIDENT pro tempore. The time of the Senator from Illinois has expired.

Mr. CLARK subsequently said: Mr. President, shortly after last fall's election, President-elect Kennedy appointed a task force to deal with problems of areas of chronic unemployment. The task force consisted of 22 members and 6 consultants. The task force submitted its report to President-elect Kennedy. The committee met at Charleston, W. Va. and in Washington, D.C. In addition, the task force had available 7 subcommittee reports and nearly 50 reports from local committees throughout the nation appointed by President-elect Kennedy to survey their needs and to recommend programs for new jobs and new growth. The report, which was filed on December 29, was a unanimous report. I ask unanimous consent that the comments of President-elect Kennedy on receiving the report may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

It would be a mistake to consider the problems of chronic unemployment and underemployment solely in the context of the areas directly affected. The entire Nation suffers when there is prolonged hardship in any locality. This problem is especially critical today, for 1 out of every 10 persons in the United States lives in an area that now feels the impact of chronic unemployment or underemployment.

I know I express the appreciation of the entire Nation for the services of the distinguished group of citizens who have participated in this project. It was not easy; all of them had to devote themselves completely to this task on a crash basis.

Mr. CLARK. Mr. President, I ask unanimous consent that the index and the text of the report may be printed in the RECORD at this point.

There being no objection, the index and report were ordered to be printed in the RECORD, as follows:

KENNEDY TASK FORCE ON AREA REDEVELOPMENT, WASHINGTON, D.C., DECEMBER 27, 1960

Introduction.

Part I. Relief of personal hardship.

1. Food.
2. Unemployment compensation.
3. General assistance.
4. Emergency public work projects.

Part II. Development of long-term job opportunities.

1. Area redevelopment legislation.
 - (a) Technical assistance.
 - (b) Loans for private projects.
 - (c) Loans and grants for public facilities.
 - (d) Training, retraining, and subsistence.
 - (e) Secondary market for industrial mortgages.
 - (f) Loan insurance.
2. Federal procurement.
3. The development of human resources.
 - (a) Raising of educational standards.
 - (b) Training, retraining, and placement.
 - (c) Services to persons with special employment problems.
 - (d) Manpower studies.
4. The development of physical resources and use of other special inducements.
 - (a) Highways.
 - (b) Forests.
 - (c) Parks.
 - (d) Agricultural conservation.
 - (e) Fuels and minerals.
 - (1) Coal and fossil fuels research.
 - (2) Minerals.
 - (3) National fuels policy.
 - (f) Other public works.
 - (g) Youth Conservation Corps.
 - (h) Consideration of special tax amortization.
5. Special regional development problems.
6. The prevention of distressed areas.

KENNEDY TASK FORCE ON AREA REDEVELOPMENT, WASHINGTON, D.C., DECEMBER 27, 1960

(Introduction)

The Task Force on Area Redevelopment was appointed by President-elect John F. Kennedy to formulate a program of action to assist people in economically distressed areas.

These areas include (a) nearly 100 labor markets classified by the U.S. Department of Labor as areas of "substantial and persistent labor surplus," and (b) three to four hundred of the lowest-income rural-small urban areas plagued by underemployment.

A distressed area is typically a pocket of chronic unemployment which persists even during relatively prosperous times in the rest of the Nation. It is especially hard hit in times of recession. Currently, when the unemployment rate nationally is over 6 percent, the distressed area rate is over 10 percent, and in some instances as high as 20 percent. General economic recovery can be expected to reduce the unemployment rate in distressed areas somewhat, but not enough to enable them to enjoy a fair share of the Nation's prosperity.

Changes in consumer demand, depletion of resources, changes in defense procurement or in location of defense facilities, decentralization of production, lack of industrial diversification, and technological change are the most important causes of depressed economic conditions in the labor surplus areas.

The use of gas and oil rather than coal for home heating and railroad power is an example of changed consumer demand. This shift in consumer preference, accompanied by mechanization of mining operations, resulted in serious unemployment in large areas of Indiana, Illinois, the region of the Upper Great Lakes, Pennsylvania, Kentucky,

West Virginia, and many other communities along the Appalachian Range. Decreased consumer demand for wool textiles as a result of the development of synthetic fibers, as well as changes in plant location, have similarly left the textile towns of New England in a depressed condition.

The social impact of chronic unemployment is staggering. In September, 3.2 million persons obtained a distribution of Government surplus, amounting to a retail value of about only \$9.36 per month per family of 4 persons. The number relying on surplus foods increases sharply in winter months. Along with the school lunch program, these surplus foods constitute the last line of resistance against malnutrition for hundreds of thousands of our fellow Americans. In West Virginia alone, in October, 281,000 people, out of a total population of 1.8 million, depended upon surplus food in order to sustain life.

There is wide bipartisan agreement that the distressed area problem cannot be resolved by private initiative alone. Government can lend a helping hand—local and State government as well as the Federal Government. It is also generally recognized that no one solution—no one plan or legislative enactment—can do the whole job for all distressed areas.

In the recommendations that follow, a diversity of programs is suggested. Some are urgent and demand immediate action, such as the relief of personal hardship, and the passage of an area redevelopment bill. Others refer to the priorities which should be assigned to the areas of chronic unemployment within existing or contemplated programs. Still others are recommendations which may be accepted or rejected, expanded or contracted, as experience is gained. Some are immediate and short term. Others are long range programs which cannot be carried out in a single year. Altogether, they serve as an arsenal from which specific weapons to combat the particular problems of a region or area which may be selected.

PART I. RELIEF OF PERSONAL HARDSHIP

1. Food

At present, flour, lard, dried eggs, dried milk, meal, and rice are on the surplus food distribution list. To improve the diet of needy persons in distressed areas, we recommend executive action to make additional surplus commodities available (such as butter, oatmeal, and peanut butter); to improve the distribution of surplus commodities with funds, personnel, storage space, and trucks; to assure that surplus commodities are made available regardless of State residence requirements; and to improve the management of the school lunch program so that it reaches every school in a distressed area.

We further recommend both executive and legislative action to permit the use of available funds to acquire foods temporarily not in surplus but necessary to provide a minimum balanced diet to those eligible for food grants; and both executive and legislative action to develop a food stamp plan, initially on a pilot basis, in the areas of greatest need.

2. Unemployment compensation

The current high national rate of unemployment has intensified the difficulties in the distressed areas. Unemployment insurance benefits have become the most significant first line of defense to eligible jobless wage earners. Our unemployment insurance legislation is in need of general improvement in the amount, duration, and financing of benefits. Pending such improvement, however, early action is necessary to meet the problems created by the exhaustion of unemployment insurance benefit rights for hundreds of thousands of wage earners.

To meet that problem, we recommend a temporary emergency unemployment insur-

ance program along the general lines of the Temporary Unemployment Compensation Act of 1958. We urge, however, that the Federal funds advanced to the States should be in the form of grants rather than loans.

In addition, a Federal reinsurance program should be given high priority in the next Congress in order to protect States with a high proportion of distressed areas. Further increases in the taxes to finance unemployment compensation in those States will hinder efforts to attract new industry and will also discourage the growth of existing industry.

3. General assistance

The Federal system of grants-in-aid for public assistance does not provide any aid for the able-bodied, needy citizens and their families who have exhausted their unemployment compensation benefits. State programs for general assistance vary widely and most systems are inadequate to meet the needs. In 17 States, local funds are the only sources available to pay relief benefits to the employable needy, and the areas where the need is greatest often have the least economic resources from which to raise such funds.

We therefore recommend legislation to provide grants-in-aid to the States to help them finance adequate general assistance programs or, alternatively, an extension of the Federal aid-to-dependent-children program so that it will include children in need because their parents are unemployed.

4. Emergency public work projects

The question of whether a nationwide program of emergency public works projects should be undertaken as an antirecession measure is under consideration by another presidential task force. If such a program is authorized we believe that an appropriate portion of the available funds should be set aside for the distressed areas, and that among the authorized public works projects should be those for such purposes as local and regional access roads. These will be particularly helpful to distressed areas in overcoming their disadvantages in location and transportation. Distressed communities might also be relieved of some or all of any matching requirements, depending upon the extent of their resources. Also there should be projects which will enable these areas to develop their forest, water, and other resources.

If no national emergency public work programs are undertaken, then we recommend an emergency program of small public work projects limited to the distressed areas. The chronic low income in most of these areas has forced a chronic neglect of needed public works. Yet, without such improved public facilities, the private economy of these areas will probably never be successfully revived.

In the early 1930's, when we were struggling to overcome a national depression, we engaged in a great debate as to the relative desirability of public work projects as against direct relief. The decision was for public work, and for many reasons. The monuments of that decision—schools, improved forest and recreational areas, dams, roads, bridges—are now a part of our national wealth.

While we were then dealing with a national depression, an analogous situation exists when we are dealing—as we are now—with localized depressions. And for all of the reasons which contributed to a national decision for national public works to take people off the relief rolls and combat a national depression, we believe that a national decision should now be made for localized public works to take people off the relief rolls and combat localized depression.

Although eligibility standards for such aid must be drawn with great care, we believe that for the most distressed communities in

the country there is no other adequate or self-respecting way to relieve long-standing hardship and begin the process of recovery.

PART II. DEVELOPMENT OF LONG-TERM JOB OPPORTUNITIES

The proposals for improved programs for the distribution of surplus food, unemployment compensation, public assistance, and emergency public work projects—while imperative to alleviate immediate hardship—are not the ultimate answers to the problem of the distressed areas.

From the standpoint of long-term public policy, the need is for permanent jobs.

Jobs sustain the morale of individuals and communities. Jobs add to individual and national wealth. When a job is provided for a man on relief, a taxpayer is substituted for a recipient of public assistance expenditures.

And jobs, not relief, are what the people of the distressed areas want.

This task force assumes that prompt and energetic measures will be taken by the new administration to create conditions under which the Nation will return to an adequate rate of economic growth. We further assume that recommendations for countering the current recession and stimulating expansion of the national economy are beyond the scope of our assignment. But nothing, from the standpoint of our own mission, is more important. Unless the national economy begins to grow at a rate fast enough to reduce substantially the current excessive national rate of unemployment, any special measures to benefit the distressed areas will be little more than palliatives.

The measures to insure adequate growth are varied. Some of them will operate quickly to provide job opportunities in the distressed areas; others will do so only over a longer period. But a many sided program should be enacted now to channel national growth, in greater degree than in the past, into areas of high and persistent unemployment and underemployment. Even in a period of more rapid economic growth, supplementary measures will still be necessary to develop and rehabilitate these areas. Only then will these areas be able to share fully in the rising volume of national production, and, in turn, contribute to national growth.

1. Area redevelopment legislation

The most immediate need is for legislation which will encourage new industry to locate, and existing industry to expand, in industrial areas of chronic unemployment, and in underdeveloped rural and small urban areas of underemployment which require a better balance of industry and agriculture.

Bills specifically designed for this purpose passed the Congress in 1958 and in 1960. They were thoroughly considered in extensive hearings by congressional committees, and there is wide agreement as to the general approach. In view of the need for quick action, it is recommended that an area redevelopment bill be enacted promptly by the Congress, and sent to the President for his signature.

The area redevelopment bill should propose a coordinated effort by the Federal, State, and local governments and private enterprise to redevelop the economies of areas with chronic unemployment and underemployment.

Such a bill should contain four main features:

(a) Technical Assistance

Careful programing is essential to successful efforts for economic redevelopment. Technical assistance must be provided to local bodies to enable communities and areas to plan intelligently their long-term economic development, explore fully the most constructive lines for their expansion, and create new locational advantages within their communities to attract private and

public enterprise. Financial provisions should be contained within the legislation to enable the Administrator to assist these communities in programing their development course.

(b) Loans for Private Projects

The construction of industrial and commercial buildings, including tourist facilities, at attractive financial terms is frequently essential to the economic redevelopment of distressed areas and the creation of jobs. The evidence is conclusive that conventional lending facilities in distressed areas cannot provide fully for the long-term credit needed for such construction. The area redevelopment bill, therefore, should provide for loans that will attract business firms to these areas. Because the Federal Government should not subsidize these loans, the interest rate should therefore be fixed somewhat higher than the Federal Government pays on loans of comparable maturities. The bill should require that at least 35 percent of the capital investment come from non-Federal sources.

The purpose of financing these new projects is to assist in the creation of new enterprises rather than in the relocation of established firms.

(c) Loans and Grants for Public Facilities

Modernized public facilities are often prerequisites to the establishment or expansion of industrial or commercial plants or facilities. Some communities are unable to support the needed public facilities because of limited financial resources resulting from the deterioration of the tax base or chronic low income.

A loan program is needed to realize these facilities in such communities. In extreme cases it will be necessary to provide grants to enable communities to provide the facilities, such as access roads, industrial water, industrial parks, and public utilities where lacking, to make them attractive for industrial or commercial facilities. In most cases it is anticipated that grants will be related to the ability of the community and the State to contribute to such ventures.

(d) Training, Retraining, and Subsistence

It is also essential for a successful redevelopment program that the Federal Government, in cooperation with State, local, and private organizations expand the facilities and opportunities for training and retraining the labor force in the distressed areas in the new skills required in industry and commerce.

To make it financially possible for workers to undertake the training and retraining, those who are not entitled to or have exhausted their unemployment insurance should be paid subsistence payments during the period of training and retraining.

(e) Secondary Market for Industrial Mortgages

Many communities which have suffered heavy unemployment over a long period have invested large sums, including funds raised by popular subscription through community development organizations, in long-term industrial mortgages. But these communities, some of which pioneered in self-help operations, now find their available risk capital tied up in these mortgages, and are running out of financial resources. In order to free their funds for new investment in enterprises which will create the required new jobs, the Area Redevelopment Administrator should study the feasibility of allowing financial institutions in distressed areas, especially community development groups, to rediscount their industrial mortgages with some agency of the Federal Government. This could follow the general pattern established for the purchase of real estate mortgages by the Federal National Mortgage Association.

(f) Loan Insurance

The Administrator should also study the desirability of establishing a program of loan insurance to supplement the direct loan program contemplated in the area redevelopment program.

2. Federal procurement

We are deeply concerned that only about 1 percent of the value of all military prime contract awards is assigned to areas of substantial labor surplus as a result of any action by the military departments to assist these areas.

(a) We recommend that there be established at the requirements planning levels of defense and defense-related agencies positions to be filled by highly qualified technicians, employed by a different agency of the Federal Government, with responsibility to recommend ways and means to most effectively utilize production and manpower capabilities in areas of substantial labor surplus, including small businesses, in these areas.

We recommend that the President direct procurement agencies to require prime contractors to submit in their proposed bids detailed information regarding the maximum use of manpower and facilities located in substantial and persistent labor surplus areas. The procurement agencies should then require successful bidders to carry out such plans.

(b) It should be the policy of the Federal Government to encourage firms in distressed areas to participate fully in Government procurement. We recommend that the President direct Federal procurement agencies to make maximum use of competitive bids and set-asides. We also recommend that procurement agencies energetically implement the provisions of Defense Manpower Order No. 4 by assuring that firms in distressed areas participate to the maximum extent in Government procurement activities.

(c) If a general Government policy is adopted looking toward the additional dispersal of plants for defense production and defense-related installations, we believe that labor surplus areas should be given preferred consideration in the choosing of these new sites. The same principle should apply with respect to the dispersal, relocation, or new location of nondefense agencies and facilities of the Federal Government.

(d) In view of evidence submitted to the Task Force that some distressed areas have been deprived of some of their markets when other more expensive fuels have been offered to Government-owned installations, we recommend that an Executive order be issued which will require all Government-owned installations which are now in existence, or which may be constructed, should use that fuel which is most economical on the basis of an accurate, realistic, and impartial cost survey.

3. The development of human resources

The long-continued low income levels in some of the Nation's distressed and underdeveloped regions have also resulted in a relative underdevelopment of human talent. Local financial resources have not been sufficient to provide educational opportunities which are equal to those of other areas, and a large proportion of the more highly educated individuals have left their home communities for the more prosperous sections of the country. This migration has in turn handicapped these areas in their efforts to attain a healthy role of economic growth.

To reverse this trend requires outside help.

(a) Raising of Educational Standards

The educational lag in these regions cannot be overcome without Federal aid. It is the assumption of this task force that Federal aid on a nationwide basis will be instituted during the coming year. We recommend that such a program should embody an

equalization formula to assure additional assistance to the poorer areas. Once such a program is enacted, we recommend that the President instruct the Secretary of Health, Education, and Welfare to determine what further legislation may be needed to enable these areas to provide educational opportunities equal to those offered citizens who live elsewhere, and to deal in the immediate future with the special education and training problems which currently limit the opportunities of young people in these areas.

(b) Training, Retraining, and Placement

Studies have shown that even in areas of high unemployment and even in the midst of recessions there are jobs for those with the right skills. Moreover, the possession of a skill which is in demand can enable an unemployed person to leave the area to find employment elsewhere.

Pending new legislative authority, a supplemental appropriation should be sought under the Vocational Act of 1946 earmarked for this specific purpose in order to permit a beginning to be made in the fiscal year 1961.

The Secretary of Health, Education, and Welfare and the Secretary of Labor should investigate the feasibility of providing funds to defray the cost of transportation to jobless workers while undergoing training.

Entering upon a retraining program should moreover not disqualify for unemployment compensation a person who is otherwise eligible.

In addition, the Secretary of Labor should make a special study to see how the functions of the employment service may be improved, so that available workers can be more effectively matched with available jobs.

(c) Services to Persons With Special Employment Problems

A person looking for work may have a special disadvantage if he is too old or too young, if he is unskilled or has the wrong skill, if he has a physical handicap, or if he is colored. While the problems of "hard to place" persons are national in scope, they are always more severe in areas of heavy unemployment.

The Employment Service has a smaller staff today than 13 years ago (10,460 compared to 12,124). We recommend placing additional specially trained vocational counselors in key employment offices in redevelopment areas to serve workers who have special employment problems. We also recommend sending task forces of experts in counseling, guidance, and job development into a community whenever a major unemployment crisis such as a mine or plant shut down either occurs or threatens to occur.

To ease the burden of unemployment on the older workers, we recommend the amendment of the Social Security Act to permit retirement of male workers at age 62 with correspondingly reduced annuities.

We further recommend that the President establish a Committee on Special Problems of the Labor Force, and assign its responsibility for a program of educational and community planning and action to break down arbitrary barriers to the employment of all the groups of disadvantaged workers.

(d) Manpower Studies

We believe that responsibility should be clearly placed upon an existing or new unit in the Executive Office of the President to provide the leadership for and the coordination of the activities of the Federal Government in the entire area of manpower and the development of human resources.

4. The development of physical resources and use of other special inducements

Many of the Nation's distressed communities are located in underdeveloped regions with a rich natural resource potential. Yet,

because of disadvantages of transportation, location, and topography, often amounting to inaccessibility, these resources have not been developed as rapidly as those of other areas. Lack of development has resulted in relatively low income, which, in turn, has resulted in a deficiency of capital. To reverse this downward spiral requires outside capital. In some cases the resource, such as a forest, has been depleted and is no longer an adequate source of employment in the production of timber, water development, and outdoor recreational facilities.

As resources are rehabilitated income and capital will be generated locally, providing the base for needed economic growth.

The emergency public work programs, the area redevelopment legislation, and other programs and actions proposed in this report should be administered with a view to their maximum contribution to the long-term development of the natural resources of the distressed areas. In addition, Federal assistance on a long-term basis is needed in several specific resource categories:

(a) Highways

The curtailment of the Federal-aid highway program throughout the Nation by imposition of contract controls has had a particularly injurious effect on States containing distressed areas, because these are the States which, because of relatively low income, have lagged in highway construction. We recommend that the President take executive action to terminate the restrictions which have prevented the States from making use of the full amount of Federal-aid highway funds legally available to them.

We recommend further that the President urge the several States, wherever feasible within the framework of prescribed criteria, to give priority to highway improvement projects located in or near economically distressed areas.

Special emphasis should be given to bringing chronically distressed areas into the mainstream of economic life through feeder road construction where isolation of large numbers of people prevents modern economic development.

The criteria for highway routing and capacity should take into account how economic growth can be stimulated, particularly in areas which have lagged in growth.

(b) Forests

As part of the program for emergency public works, a supplemental appropriation should be made to the Forest Service for the current fiscal year to permit timber-stand improvement, reforestation, trail and road construction, watershed improvement, erosion control, and development of recreation facilities in national forests in or adjacent to distressed areas.

For a longer range program, we recommend that the President direct the Secretary of Agriculture to present to the Congress during 1961 a plan for forest development in distressed areas, to include restoration of productivity and income-producing capability of the small private forest lands and strip-mined forest areas.

In addition to accelerating the conservation work on the national forests at once, their long-range plans should be adjusted and accelerated in a way that will give emphasis to the work needed in distressed areas over the next several years. There should also be fully utilized the authority to create new national forests where this solution is indicated.

(c) Parks

Similarly, a supplemental appropriation should be made to the National Park Service for Mission 66 projects in areas of economic distress with special emphasis upon facilities which will encourage the tourist industry.

To help promote the tourist industry in distressed areas, special authorization and appropriation should be provided to assist States to develop recreational facilities, such as roadside parks and campsites. The program would be administered by the National Park Service in cooperation with the States.

(d) Agricultural Conservation

As part of the emergency program, a supplemental appropriation should be made for the current fiscal year to the Soil Conservation Service for a land conservation work program to be administered through local soil conservation districts. The work to be stressed would include reforestation on farms and strip mine spoil areas, stream bank stabilization and erosion control, and small water control structures.

As a long-term measure, funds in the agricultural conservation program should be earmarked for permanent conservation practices providing maximum local employment in distressed areas, such as forestry on private land held by low-income landlords, with up to 100 percent of the cost to be borne by the Federal Government. Manpower would be obtained from local unemployed personnel, and the work to be stressed should be timber stand improvement and erosion control.

(e) Fuels and Minerals

(1) Coal and fossil fuels research

The coal and fossil fuel rich areas need basic and applied research to provide new uses to maintain existing uses and to promote stability of employment.

We recommend an additional appropriation for the new Office of Coal Research and the intensification of cooperative studies with State and private groups.

(2) Minerals

In some areas higher quality minerals have been exhausted while elsewhere they are being neglected because methods have not been developed economically to extract and process certain low quality ores, or sufficient economic uses have not yet been discovered for other minerals.

We propose, therefore, that the minerals research program of the Bureau of Mines be expanded.

(3) National fuels policy

We recommend development of a national fuels policy. The lack of a national fuels policy is an underlying reason for some of the existing conditions of distress in the coal producing regions and in some independent oil producing communities. A national fuels policy would help alleviate prevalent distress, would help improve the economic health of these industries, and would be beneficial to the Nation's security.

(f) Other Public Works

A supplemental appropriation should be made to initiate construction of authorized projects for clear streams, navigation and flood control, pollution abatement, sealing of abandoned mines, public buildings, and other public works projects in or near areas of economic distress.

The agencies should be instructed to initiate or accelerate planning on new projects which provide opportunities for economic development in distressed areas, and to submit for Presidential approval projects on which planning is complete and which are ready for authorization.

The U.S. Army Engineers should be urged to take a new look in labor surplus areas at water resource projects previously classed as inactive so as to determine the possibility of their being placed again in the active category, and proper consideration should be given to all factors, including even flow and employment benefits in the selection of projects for authorization.

(g) Youth Conservation Corps

We recommend enactment of a bill to create a Youth Conservation Corps as provided by S. 812, passed by the Senate in 1959. Such a corps would provide manpower to expedite some of the kinds of projects of the type discussed earlier for National and State forests and parks while drawing enrollees locally to the greatest extent feasible and giving priority to locally experienced men as supervisors.

(h) Consideration of Special Tax Amortization

As additional encouragement to private industry to locate branch plants in chronic and persistent labor surplus areas and to expand existing enterprises in these areas, consideration should be given to the question of whether special tax amortization providing for accelerated writeoffs of plant and equipment would help to encourage industries to locate or expand production facilities in such areas.

5. Special regional development problems

We believe that in some regions of the country, where economic problems are particularly deep-seated and severe, the resource development activities described above need to be coordinated into broad regional developmental programs.

A region where such an approach is appropriate may be defined as one which, although it may contain islands of prosperity, suffers retarded economic growth in the region as a whole, has a level of income well below those of surrounding regions, and experiences a general underutilization of its labor force.

One such region is easy to identify—the Appalachian area which extends from New York to Alabama and contains portions of 11 States. The economy of the region suffers from the decline of the coal industry, disadvantages of topography, transportation, and highway deficiencies, and isolation from major population centers.

Other regions with special problems include the textile region of New England and upper New York; the region of declining timber and iron ore production of the upper Great Lakes States; certain underdeveloped rural and small-town areas of the South, Southwest, and Far West; and the coal region of southern Illinois and Indiana.

We urge a program of regional development commissions to attack the special problems of each region and to propose means for formulating and carrying out comprehensive development programs.

As an immediate step, we recommend that the President appoint such a commission for at least one of these major areas. Both because of its size and the severity of its problems, we believe that such a commission might well be set up first for the Appalachian region. This in turn could serve as a possible pilot project for similar efforts in other regions.

6. The prevention of distressed areas

Our recommendations thus far have related to the alleviation of distress and economic revival within areas now classified as distressed.

Of perhaps equal importance, though infinitely more difficult, is the development of an early warning system to detect the beginning of trends which lead to localized depressions and the development of measures for the correction of such trends before the problem becomes acute.

It is now apparent that the automation of particular industries, such as the steel industry, may result in a new group of distressed areas.

We therefore recommend that the President give consideration, through whatever agency he deems appropriate, to the problem of structural changes in the economy which produce unemployment, with particu-

lar emphasis on automation and with the job of devising such an early warning system together with remedial measures.

KENNEDY TASK FORCE ON AREA REDEVELOPMENT

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Mr. RANDOLPH subsequently said: Mr. President, I ask unanimous consent that my remarks may be printed at an appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, I consider my cosponsorship of the area redevelopment bill, introduced today by the learned and devoted senior Senator from Illinois [Mr. DOUGLAS], to be both a privilege for which I am grateful and a responsibility I owe to my constituency.

Beyond these personal and parochial considerations, I believe it is incumbent upon me as a U.S. Senator to support and to work diligently for the enactment of the measure as introduced by the Senator from Illinois [Mr. DOUGLAS] because I construe it to be legislation in the national interest.

Earlier this week, President-elect John F. Kennedy released the report of a task force he had appointed to deal with problems of areas of chronic unemployment. Upon receiving the report, the President-elect is quoted as having stated in a press release:

It would be a mistake to consider the problems of chronic unemployment and underemployment solely in the context of the areas directly affected. The entire Nation suffers when there is prolonged hardship in any locality. This problem is especially critical today, for 1 out of every 10 persons in the United States lives in an area that now feels the impact of chronic unemployment or underemployment.

I communicated to the President-elect my concurrence with his statement, and I reminded him that I have spoken frequently in the Senate concerning my view that there is erosion of the total economy growing out of inattention to conditions of chronic labor surplus and areas of unemployment and underemployment.

It is my purpose not only to refer approvingly at this time to the area redevelopment bill introduced by the Senator from Illinois [Mr. DOUGLAS], with my cosponsorship and that of a substantial number of our colleagues, but also, I reiterate the portion of my message to the President-elect in which I stated:

I am privileged to support fully the most helpful report and sound recommendations of the Kennedy task force on area redevelopment. There is widespread appreciation by West Virginians for the constructive method of approach you sponsored in efforts to seek solutions for the problems of our State. Likewise, I have the feeling that there is similar national acceptance of and gratification with the broader representative pattern you so properly established in the courageous and necessary search for means to alleviate human suffering and joblessness in all chronic labor surplus areas and over the Nation as a whole.

After the task force recommendations have been evaluated by you, and when the new administration's program in this vital area of national concern has been formulated,

be assured that it will be my desire and intent to work cooperatively and diligently with you and your staff, and with others who will be in places of authority in the Government under your wise, vigorous, and forthright leadership. We must bring this program to fruition.

As one who served in consultative capacity with the Kennedy task force dealing with problems of areas of chronic unemployment, I join you in paying deserved tribute to the distinguished chairman (the senior Senator from Illinois) and members of that outstanding group for their patriotic and unselfish services. The excellent product of their labors will serve as guidelines for progress on the new frontier.

In this connection, I commend the senior Senator from Pennsylvania [Mr. CLARK] and wish to associate myself with his comments concerning the same Task Force when, earlier today, he inserted the text of its report in the RECORD.

A vital portion of that report deals with the subject of area redevelopment legislation in the development of long-term job opportunities. I agree with the task force finding that:

Proposals for improved programs for the distribution of surplus food, unemployment compensation, public assistance, and emergency public work projects—while imperative to alleviate immediate hardship—are not the ultimate answers to the problem of the distressed areas. From the standpoint of long-term public policy, the need is for permanent jobs. And jobs, not relief, are what the people of the distressed areas want. Unless the national economy begins to grow at a rate fast enough to reduce substantially the current excessive national rate of unemployment, any special measures to benefit the distressed areas will be little more than palliatives.

Even in a period of more rapid economic growth, supplementary measures will still be necessary to develop and rehabilitate these areas. Only then will these areas be able to share fully in the rising volume of national production, and, in turn, contribute to national growth.

The most immediate need is for legislation which will encourage new industry to locate, and existing industry to expand, in industrial areas of chronic unemployment, and in underdeveloped rural and small urban areas of underemployment which require a better balance of industry and agriculture. In view of the need for quick action, it is recommended that an area redevelopment bill be enacted promptly by the Congress, and sent to the President for his signature.

Mr. President, the measure introduced today by the senior Senator from Illinois [Mr. DOUGLAS], is an adequate bill—a very necessary item of legislation—and I cosponsor it enthusiastically and will support it vigorously.

Mr. President, I am grateful that the bill which has been presented by my able colleague from Illinois [Mr. DOUGLAS] and other Senators will receive early and favorable consideration by the Members of this body. It is important that we realize the fact that thrice the Senate of the United States has passed legislation to aid the distressed areas of the Nation, the deep pockets of poverty and unemployment and labor surplus throughout the country.

On two occasions Congress passed area redevelopment legislation. In the first instance the legislation received a pocket veto in 1958, and in the second

instance there was a veto by the President in 1960. The Senate did not override.

The essence of the earlier legislation, included in the current bill, should be passed early this session, and then the measure will go to the White House. We already have a positive assurance, a pledge made during a vigorous campaign by our President-elect that he, as Chief Executive, if he were chosen by the electorate of this country, would sign such a bill.

There is an urgency about the situation, and, as already indicated, these remarks should be printed at an appropriate place in the RECORD, which I believe will be in connection with remarks made by my colleague from Illinois [Mr. DOUGLAS] earlier today.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield to the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I am very much in favor of distressed areas legislation directed particularly toward those areas of chronic unemployment which have suffered, which have not shared the general prosperity enjoyed by much of the rest of the country over a number of years.

I have supported depressed areas legislation when I was a Member of the other body and in this body. I believe the first bill I introduced in the 86th Congress was on that subject.

I have today introduced S. 6, my first bill in the 87th Congress. It is a bill substantially similar to the bill known last session as the Scott-Van Zandt bill. The Scott-Van Zandt bill provided for expenditures of \$200 million. S. 6 would provide for \$214 million.

I have spoken to the Senate previously with regard to the proposals contained in my bill, and I have also submitted an analysis of the bill, which I commend to all Senators. In my judgment, the bill is one which deserves serious consideration. I should like to have it considered in the course of the debate on the subject.

The bill had the support of the Vice President during speeches he made in the past year. It will be introduced in the other body, in my opinion, by certain Members of the House.

I commend the distinguished Senator from Oregon [Mr. MORSE] and the distinguished Senator from West Virginia [Mr. RANDOLPH] for their great interest in this matter. I hope that from among the several proposals submitted we may be able to get a workable, effective bill which will meet the views of the other body and which can be signed by the next President. I sincerely hope the bill will be pointed directly toward the objective of depressed areas assistance—the retraining of personnel to provide them with new skills; assistance to industry to move in without endangering existing industry in another part of the country; and help to the communities which, because of changing economic conditions, through no fault of their own, have not kept pace with the general forward economic growth and prosperity of the United States.

I thank the distinguished Senator from West Virginia for yielding to me.

Mr. RANDOLPH. Mr. President, I respond by simply stating that the Senator from Pennsylvania has had a very genuine concern for the passage of proposed legislation in this field. We have disagreed as to some of the particulars, but it is important for me to remember today, as I do, that in the 86th Congress and prior to that Congress there was a very vigorous effort on the part of the Senator from Pennsylvania to meet this problem and to be realistic in the solving of a very tragic situation in certain areas, sections, and States within the Republic. I congratulate the Senator.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield to the able Senator from Florida.

Mr. HOLLAND. Mr. President, while the two distinguished Senators who have spoken are present in the Chamber I should like to express an opinion, which I think is not only an opinion entertained by the Senator from Florida but also an opinion entertained by many other Senators.

I do not think there is anyone in the Senate who does not wish to be duly sympathetic with grave problems of continued unemployment, poverty, ill health, and other things which go with depressed areas, with all the deterioration of morale. The trouble has been that the bills we have had under consideration have not dealt directly with those problems in such a way as to give relief where it was needed, and to stay away from the problem of setting up a tremendous organization to go into other areas where there was nothing like such distress.

The Senator from Florida knows what he is talking about, because, as was admitted on the floor of the Senate by our distinguished friend, the Senator from Illinois, the last bill included four counties of the State of Florida as distressed areas.

I pointed them out on the map. In no sense of the word were they distressed or depressed. They were among our highly prosperous counties; namely, Leon County, in which our capital city of Tallahassee is located; Escambia County, where the great naval air station is located; Gadsden County, where wrapper leaf tobacco is raised, and where agriculture is probably more prosperous on the average than in any other county in our State; and Alachua County, where the great University of Florida is located, in addition to numerous other important institutions.

It is not necessary to put out a sop to the Senators from Florida or, I am confident, to Senators from any other State to vote for legislation which realistically deals with this problem. The Senator from Florida has been in a part of the coal area in West Virginia and has been in the anthracite area of Pennsylvania; and he knows perfectly well that there is great distress and tremendous depression in those areas. Certainly he would like to do something to help that situation.

The Senator from Florida handled in subcommittee, in full committee, on the floor of the Senate, and in conference the measure under which food was made available and under which such foods as flour, grits, and meal were processed and packaged in such form that they could reach the recipients.

It is quite possible that that measure did not go far enough, and certainly the Senator from Florida would want to see it go as far as it was designed to go—that is, to give a reasonable measure of satisfying food to the people who are affected—and he would like to go further in the various ways that have been suggested on the floor. But he hopes with all his heart that these two Senators who have introduced bills and others who are so vitally interested in this program will not again bring to the floor of the Senate legislation which includes areas which have no problem with these depressed and distressed areas, many of whose forlorn people are forced to leave the areas in which they have long resided. It is to that point the Senator from Florida wished to address himself at this time. I am sure that every Senator and Representative would like to show by his vote, sympathy and helpfulness in a practical and reasonable way. I hope that the proposal which reaches the floor of the Senate will be one which does not simply try to give something to every State, no matter how prosperous it might be. I hope I may be able to cooperate in the fullest measure with my two friends, the distinguished Senators who are now on the floor. I hope to be in a position to support the proposed legislation. If it is in the form in which it was at the last session, I shall not be able to do so.

Mr. SCOTT. Mr. President, I wish to clarify something referred to by the senior Senator from Florida. I am sure the distinguished Senator will be interested in the fact that the criteria contained in my bill are the same criteria which were contained in the bill which I introduced in the last session and in the administration compromise bill known as S. 3569. I am very pleased that the new Douglas bill has adopted the same unemployment criteria as were contained in my previous bill and as are contained in the present bill. These could be referred to as tighter criteria, a more careful delimitation of the target areas involved. The main difference between the Douglas bill and the Scott bill, although there are other differences, in my mind is the difference in the amounts of money appropriated for certain specific propositions contemplated in those two bills. The tighter criteria are embodied in the bill, and were embodied in S. 722, but were not in the original Douglas bill.

ASSISTANCE TO SMALL BUSINESS BY ALLOWING CERTAIN DEDUC- TIONS FOR INCOME TAX PUR- POSES

Mr. SPARKMAN. Mr. President, I introduce a bill providing for a tax adjustment for small and medium-size businesses. The bill is identical to S. 59 of the last Congress, in which I was

joined by 15 of my esteemed colleagues as sponsors, including 8 members of the Senate Committee on Small Business.

Today I am particularly pleased that all 17 members of the Small Business Committee are joining in sponsoring this important bill. The full list of cosponsors reads as follows: Senators LONG of Louisiana, HUMPHREY, SMATHERS, MORSE, BIBLE, RANDOLPH, ENGLE, BARTLETT, WILLIAMS of New Jersey, MOSS, SALTONSTALL, SCHOEPPLE, JAVITS, COOPER, SCOTT, PROUTY, BYRD of West Virginia, CARROLL, DODD, GRUENING, KEFAUVER, NEUBERGER, and YARBOROUGH.

The need for enactment of this tax adjustment to enable smaller concerns to finance growth and expansion is clear and pressing. We are all too well aware of the deficiencies of our capital markets in the long-term debt and equity capital areas in meeting the financial needs of small business. Tax adjustment provided in this measure would provide a remedy for this gap in our financial structure by utilizing the reinvestment of earnings of principal to enable small firms to obtain the required funds to finance their growth and thus maximize their contribution to our economic well-being. The bill would accomplish this objective by authorizing as a deduction from taxable net income an amount equal to the aggregate addition to capital represented by reinvestment in depreciable assets, inventory, and accounts receivable except that the maximum deduction would be 20 percent of net income or \$30,000, whichever is the lesser.

Too much stress cannot be placed upon the underlying principle on which the provisions of the bill are based. Utilization of the reinvestment-of-earnings principle recognizes the undisputed fact that historically new business and smaller concerns have had to place maximum reliance upon retained earnings to secure and retain a foothold in our economy. Generally placed at the bottom of the credit worthiness scale by lenders and investors because of their newness or size, small businesses have had to rely on retained earnings to provide the funds to increase assets and finance expansion. The tax credit provided by the bill would be available only to the extent that additional aggregate investments in modernization and inventories were made.

Mr. President, the convening of this Congress in the midst of the challenges of the 1960's hardly requires a restatement of the importance of small business to our country or a reevaluation of the role played by small business in the success of our dynamic capitalism. No greater tribute has been given to our reliance upon the reinvigorating benefits of their contributions than that paid by that great American, Woodrow Wilson, when he said:

No country can afford to have its prosperity originated by a small controlling class. The treasury of America does not lie in the brains of the small body of men now in control of the great enterprises. It depends upon the inventions of unknown men, upon the ambitions of unknown men. Every country is renewed out of the ranks of the unknown, not out of the ranks of the already famous and powerful in control.

Our dependence for continued economic resurgence upon the vitality of the small and unknown is no less today. The spawning ground for constant renewal of our economic capacity for growth remains the 4 millions of small businesses serving every segment of the American economy. The broad based participation in our economic life by small business underscores the importance of this segment of the business community to the efficient functioning of our national economy. And it likewise underscores a constant recognition that a favorable climate must exist for these concerns, as well as new entrepreneurs, to grow and expand lest we slip unknowingly into a posture where inventive creativity is restricted and incentive becomes the victim of effective paralysis.

The overwhelming need of small business for access to capital in order to grow and expand in a competitive economy has been extensively documented in recent years. Case history after case history was presented to the Senate Small Business Committee during its nationwide hearings in the fall of 1957. Without exception, witness after witness graphically portrayed the inability of their small business concerns to obtain long-term funds for the capital markets on either a debt or equity basis. And where longer term loans might ordinarily have been available, the prospects of repayments were dependent upon the ability to retain earnings which the tax structure just did not permit. Although worthwhile amendments were made to the Internal Revenue Code in 1958, it is recognized that they did not go far enough. Our present income tax structure places a disproportionately heavy burden on small concerns. In addition, the difficulties in obtaining needed capital have acted as a drag on the growth of many smaller concerns. Relief based upon the reinvestment of earnings principle is needed by these concerns and is absolutely vital to their survival and growth. Otherwise, we will see more and more small firms declining, first to marginal operations and then finally to oblivion.

Some may claim that the more than 14,000 business failures in 1959 or the more than 15,000 in 1960 should be expected in an economy as competitive as ours. They might likewise claim that the losses sustained by these businesses of almost three-fourths of a billion dollars in 1959 and more than \$1.5 billion in 1960 were a small price to pay, easily bearable by an economy with a \$500 billion gross national product. However, no matter what measure one selects to weigh the importance of these business deaths to our total economic activity, we cannot escape the fact that in recent years the rate of business failures, as well as the dollar losses, have both soared. It is worth pointing out that such an acceleration in business failures or dollars lost did not prevail during the period from 1921 to 1933.

I have long been concerned with the increasing wave of mergers sweeping the business community in recent years. As a result of this activity, hundreds of true independent companies each year

Rather, shaping of policies actually has rested almost completely between occupants of the White House and the Congresses of their times.

Most recent demonstration of this truth in the U.S. was in the Congress of the last 2 years where a self-named Democratic committee on party policy, led by Paul M. Butler, the national chairman, won scarcely a smell of support among the huge Democratic congressional majority.

And even more significant was the lead up to repeal of national prohibition in the presidential campaign of 1932.

That year, platforms of both the Democratic and Republican Parties, as drafted originally, declared foursquare for continuance in force of the 18th amendment to the U.S. Constitution, which for 13 years had prohibited manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States.

REPEAL VOTES

At nomination time in 1932, President Hoover led for his party in sustaining that provision, and so did Franklin D. Roosevelt, the Democratic presidential nominee, whose main opponent had been Alfred E. Smith, overwhelmingly defeated at the polls 4 years earlier largely because of his wet stand.

The Democratic Convention in 1932, however, spurned Mr. Roosevelt's advice by voting for outright repeal. And the lameduck Congress, elected in 1930, voted to repeal the 18th amendment, 63 to 23 in the Senate, February 16, and 289 to 121 in the House, February 20, 1933.

By the time Roosevelt took office March 4, there was nothing left for him to do in that matter, and on December 5, 1933, the repealer became effective by ratification of legislatures in 36 of the 48 States.

SCORES DICTATION

Listen further to Senator Dodd:

"A presidential candidate," he said, "ought to announce his own platform, describing his general approach, as of the moment, to basic issues. I think each candidate for Congress or the Senate ought to do the same. But any attempt of a party convention to dictate to a President or a Congress concerning constitutional responsibilities cannot be countenanced."

A case in point just now has been provided in Great Britain.

Following a devastating defeat at the polls, a national conference of the Labor Party adopted narrowly a demand that Great Britain go it alone in national defense, especially excluding basing of U.S. atomic weapons on British soil.

This move not only was in defiance of the party leader, Hugh Gaitskell, but subsequently the minority of popularly elected Laborites sitting in the British Parliament voted 166 to 81 to retain Gaitskell as party leader.

Gaitskell had said before that vote that the test was not himself as a personality but the policies he stood for.

[From the Bridgeport Post, Nov. 25, 1960]

WHAT PRICE PLATFORMS?

A dim view of modern-day party platforms is taken by Senator Dodd, of Connecticut. His concern is based on the increasing tendency to take them seriously, considering the haphazard manner in which they are drafted.

There is much to be said for the Senator's point of view in this matter. As he says, the day has ended when party platforms were "ambiguous and friendly documents which tried to please everyone, excited little interest in the land, and passed from the scene quietly and unmourned after each convention."

During the last convention, much weight was placed on the platforms which figured,

particularly in the case of the Republicans, in the eventual choice of a candidate. Vice President Nixon had to deal with rivals in connection with platform stands.

Senator Dodd understandably is disturbed by the fact that nonelected members of a party platform committee come up with a program foisted on a President. It is entirely possible that under the stress and strain of trying to gain the nomination, a President-to-be commits himself to policies which he does not actually believe in. To go back on them later is a betrayal of trust to the party; to stick with them betrays the voter.

In all honesty, what possibility is there that a candidate actually agrees entirely with the detailed, sweeping views of the party platform? Not much. Senator Dodd believes a candidate ought to announce his own platform and basic approach to issues.

[From the Chicago Tribune, Nov. 27, 1960]

SAWDUST PLATFORMS

Senator THOMAS J. DODD of Connecticut, has provided his party's President-elect with a convenient excuse for disregarding most of the spread-eagle pledges of the Democratic platform. Senator Dodd spoke in seeming candor to the New England society in New York when he said that platforms were only dangerous when people begin to take them seriously as a binding set of promises to be redeemed.

"The worst betrayal of trust that any President or Congress could commit," said the Democratic Senator, "would be to accept whole hog the convention platform of a victorious party and to subordinate the 4-year deliberative process of the President and the Congress to the 4-day drafting process of nonelected members of a party platform committee."

For, said Senator Dodd, while the members of the platform committee sit out in front listening to pleas about what should be put in the platform, a small group of experts in the back room, consisting mainly of staff members who are not even convention delegates, is actually writing the platform. The platform committee, half asleep, adopts this document without serious deliberation, and it is whooped through the convention without being read.

"I would never entertain the suggestion," said Senator Dodd, "that I or any other Senator was obligated to support any section of it merely because it was adopted by our party convention. The concept that a convention platform is binding upon elected representatives in the Congress is absolutely inimical to our system of government. Theirs, and theirs alone, is the final responsibility for legislating."

"I believe that party platforms, except for a general statement of goals and attitudes, ought to be done away with. They are anomalies that have no legitimate status under our Constitution. So long as they are not taken seriously, they are a source of cynicism about the integrity of our political process. And so soon as they are taken seriously, they will start to undermine our republican form of government."

Thus, said the Senator, the talk of a mandate to carry out some specific, far-reaching program of action is nonsense. If, as defined, a mandate is an authoritative command, it implies that the discretion of the elected representatives has been superseded by the will of the people, supposedly registered in the election. It presupposes that the candidates of a party are uniformly bound to a set of proposals outlined in a party platform, that the party platforms offer a distinct choice to the people, that the people carefully study the opposed platforms, and that on election day they vote for the platform rather than for the man.

This analysis is, to a degree, true, except that the platform of Mr. Dodd's party was carefully contrived as vote bait, containing promises of all sorts and of a sweeping order to every possible group of voters who could be gulled by the vision of pie in the sky.

But the platform as it emerged from Los Angeles is also a severe handicap to Senator John F. Kennedy. It is the most radical ever offered by any major party. Of its nature, much of the platform can never be delivered, not only because of the divisions within the Democratic Party, but because conservatives of both parties in Congress cannot be induced to honor pledges which would invite inflation and national insolvency.

Mr. Kennedy's muddy mandate is another factor. He is headed for the White House on a mere handful of votes. Half of the people want neither him nor what he offers. Senator Dodd has presented an escape hatch from the embarrassment of trying to make good. If Mr. Kennedy is a prudent man, he will avail himself of the opportunity to start backpedaling from the new frontier.

[From the Bridgeport Post, Nov. 27, 1960]

WASHINGTON CLOSEUP

(By Carey Cronan)

Senator THOMAS J. DODD, who called recently for the resignation or forced ouster of the U.S. attorney and U.S. marshal and the collector of the port of Bridgeport, looks forward to a sort of political honeymoon in the early weeks of the coming congressional session.

Senator Dodd believes that Democrats from both sides of the Mason-Dixon line will work together to enact the Kennedy legislative program and he scoffs at any effective alliance between Republicans and southern conservatives already predicted by Representative CHARLES A. HALLECK, GOP House leader.

With a Democrat in the White House, the Senator feels that the threat of the veto will be gone and he believes that one of the first major bills will provide for medical care for the aged tied in with the social security system. He looks forward to what he calls "good legislation" dealing with defense, aid to education, tax revision and also a new minimum wage law in line with the campaign waged by President-elect John F. Kennedy.

The Senator forecasts a parallel with the early days of the Roosevelt New Deal when the famed "hundred days" changed the legislative face of the Nation and turned the Government to many Democratic reforms.

PLATFORMS NOT COMMITMENTS

A few nights ago in New York, addressing the New England Society at the Plaza Hotel, Senator Dodd declared that the platforms adopted by political conventions should not be binding upon successful candidates.

He pointed out in speaking of platforms that "they have no legitimate status under our Constitution. So long as they are not taken seriously they are a source of cynicism about the integrity of our political system and as soon as they are taken seriously they will start to undermine our representative form of government. A presidential candidate ought to announce his own platform, describing his general approach, as of the moment, to basic issues. I think each candidate for Congress or the Senate ought to do the same. But any attempt by a party convention to dictate to a President or to Congress concerning constitutional responsibilities cannot be countenanced."

BOTH GROUPS ERRED

The Senator said that "Conservatives have traditionally erred when they have resisted attempts to make the system truly representative. Liberals have erred when they have

in the name of the people, sought to impair the independence of elected representatives. The conservatives were wrong when they resisted such measures as the extension of the voting franchise, the direct election of senators, and the State primary system, measures intended to make our system truly representative by abolishing the frauds and manipulations which resulted in minority rule."

Senator Dodd added that "the liberals were wrong when they promoted such schemes as the initiative, the referendum and the recall, which substituted plebiscites for the action of legislatures and which sought to intimidate elected officials with the threat of dismissal for opposing the popular sentiment at any given moment. And I think the liberal innovators are wrong today when they try to whittle away the deliberative process, when they attack the committee system of the Congress, when they condemn its rules as antiquated, when they talk speciously of mandates, when they propose binding party platforms, and binding party caucuses that are to take primacy over the independent judgement of the elected official."

PERSONALITY WINS

Discussing campaigns, the Senator maintained that "a politician instinctively knows that it is the public estimate of his personal qualities rather than his political dogma that will win or lose the election. . . . He will never really know the answers. All he can know for certain is that he has been lawfully chosen by the people to act as their representative for 6 years and at the end of those 6 years he will have to submit himself to them once more. How foolish then, how pompous, for him to alight in Washington 2 months later, claiming that he has a mandate to carry out this or that program. As he casts hundreds of votes, his philosophy becomes clearer to those few who care to study it. The man who is always in the midst of heated controversy may leave an impression of either courage or rashness but he is unlikely to leave a clear understanding of his total philosophy."

CONFORMITY NOT PRIMARY

"If pitching is 75 percent of a baseball game, as Connie Mack once said, party conformity is only 25 percent of the political game," declared the Senator, "political affiliation gives him a certain insight, a certain approach to the hundreds of issues of the time but it does not give him the concrete practical answers. Those he must seek out for himself based on individual examination. Party ideology and private self-interest hold no magic answers. Therefore, in conscience, in theory and in practical fact, the elected representative can assume his duties free from any commitments except those which he has freely made himself. The people have the right to hire and fire but they do not have the right to give on-the-job direction. They should let their man know what they think and why, but they should not try to intimidate him and he should not submit to intimidation. This is the essence of the representative system. I think the American people prefer it this way. It is only the extremists, the vested interests, the doctrinaires, the organizers of blocs who would undermine representative government and make their elected representatives so many rubber stamps."

Speaking of party platforms, the Senator said, "The worst betrayal of trust that any President or Congress could commit would be to accept whole hog the convention platform of a victorious party and to subordinate the 4-year deliberative process of the President and the Congress to the 4-day drafting process of nonelected members of a party platform committee."

[From the Evening Record and Courier-Tribune, Nov. 28, 1960]

PLATFORM NO STRAITJACKET

"The worst betrayal of trust that any President or Congress could commit would be to accept whole hog the convention platform of a victorious party and to subordinate the 4-year deliberative process of the President and the Congress to the 4-day drafting process of nonelected members of a party platform committee."

Many elected officials may believe this, but few would say it so outspokenly, as did Senator THOMAS J. DODD, Connecticut Democrat, at a dinner meeting of the New England society in New York recently.

Dodd would abolish party platforms except for a statement of goals and attitudes. He would have the Presidential candidate announce his own platform, describing his general approach to basic issues; and each candidate for Congress or the Senate do the same. He would not countenance any attempt of a party convention to dictate to a President or a Congress concerning their Constitutional responsibilities.

Of course, Dodd is right. Under our system, we elect a President and a Congress to govern, not a party. Ours is not the parliamentary system of Europe, where the elected members of parliament choose their party leader to head up both the legislative and executive branches in the person of the Premier, the Prime Minister or the Chancellor. Parties were not even thought of when our Constitution was adopted, and they are not mentioned once in that basic document.

The electorate pick a man to make legislative decisions on the basis of his character and his specialized knowledge, just as you pick a lawyer or a doctor to make your legal or medical decisions on the same basis, Dodd maintains. You aim at a general result, if the result is good, you keep him on; if it is bad, you will drop him.

In these days of instantaneous communication, the man has become as Dodd says, the main consideration, not the party platform. It should make for independent thinking and personal responsibility in government, which is all to the good.

[From the Pittsburgh Courier, Dec. 10, 1960]

THE GREAT PLATFORM FRAUD

We are all indebted to Senator Dodd, of Connecticut, for reminding us in a speech in New York last week that national party platforms are quite meaningless so far as any binding commitments on elected officials are concerned.

These platforms, he insisted, are a sham and a fraud callously designed to "sell" candidates to the electorate. Said he:

"The worst betrayal of trust that any President or Congress could commit would be to accept whole hog the convention platform of the victorious party, and to subordinate the 4-year deliberative process of the President and Congress to the 4-day drafting process of nonelected members of a party platform committee."

We have frequently pointed out that platform promises about civil rights, fair play, nondiscrimination, voting equality, and all the rest of it, have no practical value and are, in truth, worthless save for propaganda purposes; and the bickering over which platform is the best reveals depressing naivete.

And yet, we presume, when the inevitable disillusionment sets in, those interests who appeared before the platform committees and pleaded for sundry strong planks to be included will be demanding that these empty promises be carried out.

DEPRESSED AREAS

Mr. COOPER. Mr. President, I joined in cosponsoring a depressed areas bill introduced by the distinguished senior Senator from Illinois [Mr. DOUGLAS]. This is consistent with the position that I have taken for several years, ever since 1954, when there was a moderate recession. I then urged assistance for depressed areas. In 1957 or 1958 I joined in a bill which was introduced at that time in support of such legislation. In 1959 the senior Senator from Illinois [Mr. DOUGLAS] asked me to be one of five chief cosponsors of the depressed areas bill, which I supported, and I supported it with all my strength and heart, to the extent of voting to override the President's veto.

Recently the senior Senator from Illinois was kind enough to ask me, as he said, to be the principal Republican cosponsor of the bill. I am glad to be such cosponsor. I know that other bills will be introduced. I have had the opportunity to study those bills, including a bill which was introduced on behalf of the administration known as the Scott bill. I studied the three bills. From my own knowledge of the situation in the depressed areas in my own State, which I am sure reflects conditions in other States, I believe this bill is most adequate and will be most effective. I will speak upon it later. I am happy to join in this introduction. I hope it will soon come before the Senate, that it will be passed by both the Senate and the House, and become law.

Mr. RUSSELL. My President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPORT PRICE COMPETITION

Mr. JAVITS. Mr. President, it is highly desirable to have a truly flexible trade policy which will not be linked to impossibly high trade barriers that could lock out the exports of nations which currently import increasing amounts of U.S. goods. The strength of our export position is frequently misunderstood because of confusion with other factors affecting our international balance of payments. The New York trade publication Purchasing Week seeks to set the export picture straight in an analysis published in its issue of October 31, which points out that the greatest threat to our foreign markets comes from productivity gains by foreign producers and not as commonly supposed, from wages paid American workers; and from failure to meet competitive credit terms.

I ask unanimous consent that this study, entitled "Export Pace Shows U.S. Prices Aren't Prohibitive," be printed in the RECORD.

Mr. President, our country, our allies, and all other free peoples are presently confronted with an unprecedented challenge from the Communist world. I submit that unless and until we correct the demoralization which these cases illustrate, we shall find it impossible to provide effective leadership to the free world.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, an article entitled "How Electrical Firms Shared Business," written by Mr. Bernard D. Nossiter; and also an editorial entitled "Business Ethics." I especially commend these to the attention of my colleagues. I have never before heard of as shocking a case of violation of our antitrust laws and of the undermining of the very principle of free competitive enterprise.

These cases have very wide ramifications. Presently there is in my State a case in which the bids for turbines in dams built by our Government are in controversy; a foreign company has bid against domestic companies. In the past and presently we have a policy of protecting to a certain extent, under the so-called buy-American principle, our domestic manufacturers; and one of the principal beneficiaries of these laws has been the largest company involved in this conspiracy.

I submit that while these matters are of great importance here at home, they also have very great implications in our foreign relations; and I hope my colleagues will take the time to read this article and the editorial.

There being no objection, the article and the editorial were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 4, 1961]

BUSINESS ETHICS I

There is a story in London arising from the Bulganin-Khrushchev visit of 1956. In a moment of informality, the Russian visitors confessed to their hosts a dread of the wearisome accumulation of domestic industrial problems which faced them on their return home. At this point, Mr. Macmillan is alleged to have said: "Ah, we have an easier system here. We leave those matters to a thing we call business."

In a similar fashion we do the same. We leave to a "thing we call business" a multifarious collection of problems relating to industrial activity. Some enthusiastic sloganizer has titled this arrangement "Free Enterprise." And lately it is fashionable to speak of the "private sector."

More accurately, we live in a mixed economy with tariffs, subsidies, tax privileges, credit arrangements, and direct and indirect governmental regulation. In total this is neither socialism nor capitalism, but a composite adjustment of a practical people to the realities of day-to-day affairs.

There are after all more important things than the question of one's daily bread, especially in a fortunate land. And the good sense of the American people has generally led us, perhaps without knowing it, to subordinate purely material matters to the general freedom and welfare of the community. So we do not live for bread alone. Our lives and being are not only demeaned but also lied about in a description of them as "free enterprise." And our lives sensibly refuse to be divided by statistical professors into private and public sectors. We live in private houses which we can afford because of governmental control of the mortgage

market and we send our children to public schools over which we exert greater local control than we do over mortgage rates.

But to say that free enterprise is an oversimplification is not to deny that there is much commonsense in the freedom that private enterprise enjoys in America. This provides a sensible division of managerial labor. Quite beyond that practical consideration, it permits more total freedom in everyday life than would be possible under government ownership or direct regulation.

Which brings us to our point. The freedom of American business enterprise is not something decreed in either the Old or the New Testament. It exists only because it has worked and it will cease to exist when it ceases to work.

Today the conduct of private business can be of as much public concern as the conduct of any public agency. That behemoth of public agencies, the Pentagon, spends more than \$41 billion a year. But that huge sum is equaled by the net sales of the nine largest private companies.

It is properly shocking when a public official fails to meet his responsibilities—either through his own misconduct or his failure to control his subordinates. In these times, when the private sector is more than three times larger than all governmental expenditure, it is equally shocking when private corporate officials fail to control their large enterprises.

Tomorrow we plan to make some more specific comments.

PRICE FIXING CASE—HOW ELECTRICAL FIRMS SHARED BUSINESS

(By Bernard D. Nossiter)

The Nation's heavy electrical equipment manufacturers pleaded guilty last month to a classic case of price fixing. As described by the Government, they followed a relatively simple pattern to set prices, rig bids and divide up markets.

In some ways, the most remarkable feature of their conspiracy is its size. In all, 19 concerns and 44 of their officials pleaded guilty to one or more of seven indictments. Their agreements were of varying length but spanned the period from 1951 through 1960. They covered sales estimated at \$8 billion—\$7 billion to private utilities and other corporations and \$1 billion to the Federal, State and local governments.

According to the indictment and the statements of Government lawyers at Philadelphia Federal Court hearings on the pleas, the conspiracies usually took this form:

Company executives would meet frequently in hotel rooms. There they would decide how big a share each firm would get of the market under discussion. They would review the orders that were in sight, determine who would get them and how much they would charge. The bigger business—sales to private corporations—would generally be decided by high executives. The smaller Government orders were often left to lower level officials. They would sometimes come to the hotel rooms with "ledger" lists—a box score showing how much business each firm had been getting. That way, new orders could be allocated so that each firm got its agreed upon share.

Attorneys for the manufacturers told Federal Judge J. Cullen Ganey that the conspiracies violated company policy.

For example, General Electric Co.'s lawyer, Gerhard A. Gesell, said:

"This corporation has had a considered, deliberate policy designed to prevent the very type of occurrence with which we are suddenly confronted here.

"This policy was issued in 1954. It states:

"No employee shall enter into any understanding, agreement, plan or scheme, expressed or implied, formal or informal, with any competitor, in regard to prices, terms, or conditions of sale, production, distribution,

territories, or customers, nor exchange, or discuss with a competitor prices, terms or conditions of sale, or any other competitive information, nor engage in any other conduct which, in the opinion of the company's counsel, violates any of the antitrust laws."

Gesell went on:

"This policy * * * repeatedly was brought home in management conferences * * *. Before this case came along, men were disciplined for violation of the policy. Men were discharged. Since this has come along, other men have been disciplined."

Gesell also said that the company's guilty pleas were made with a desire to terminate what would otherwise be most protracted and expensive litigation.

Similarly, former Attorney General Herbert J. Brownell, lawyer for Westinghouse Electric Corp., said:

"Westinghouse has sought for years in every way possible to avoid involvement in cases of this type. Unlawful acts, if any, by its employees charged with pricing responsibility have not only been unauthorized but contrary to specific instructions that the antitrust laws must be obeyed."

Brownell added: "Westinghouse wishes to make it clear that in its pleas of guilty and nolo contendere that it does not thereby admit the allegations."

Sometimes the conspirators worked out their plans in writing. Here is how Assistant Attorney General Robert A. Bicks, head of the Antitrust Division, described the operation for the sale of circuit breakers:

"In the early years there was a practice known as the inner-company memo. Once each week with quite regular precision the top executives responsible for the carrying out of this conspiracy would communicate with each other via memo which each executive initiated. * * * At its early stages in 1951 and 1952 there were four companies in this conspiracy, GE, Westinghouse, Allis-Chalmers (Manufacturing Co.), and Federal Pacific (Electric Co.). ITE (Circuit Breaker Co.) did not come in until later.

"The initiator of the communication would change month to month, company by company; by communication known as the inner-company memo would deal generally with jobs that were coming up during that week, the price each would bid, and any comments that were to be offered on the general price level."

These memos, said Bicks, dealt with the sales to private corporations. The sealed-bid business of governments was handled at working level meetings.

Bicks continued: "At a working level meeting where a particularly big job was up for discussion the percentages would be reviewed in light of what was known as the ledger list which had on it recent sealed-bid jobs given to the other defendants. In light of that ledger list it was decided which of the companies, to keep the percentages constant would get the job. Now if that company was prepared to say the price at which it was going to bid then the other companies could discuss among themselves what they would bid, add on for accessories, to make sure or to give the company that had the job, whose turn it was to get the job, the best shot at it. If the company whose job the particularly rigged job was supposed to be did not know the price there would be later communication, either by phone to homes with just the first names used, or by letter to homes with just the first names of the senders, with no return address, and this wonderful code which appears for the first time in this case. The numbers were 1, General Electric; 2, Westinghouse; 3, Allis-Chalmers; and 7, Federal Pacific. What happened to 4 or 5 and 6 until I-T-E came in remains a mystery. When I-T-E came in, in 1958, it got 6."

The company officials met in hotels all across the country. Among the places listed by the Government were New York City,

Philadelphia, Atlantic City, Hot Springs (Va.), Hershey (Pa.), Cleveland and Seattle.

As the biggest company, GE generally got the largest share of the carved-up markets. The Justice Department said that the agreement on circuit breakers to Government agencies originally gave GE 45 percent, Westinghouse 35 percent, Allis-Chalmers 10 percent, and Federal Pacific 10 percent; for power transformers, it went GE 30 percent, Westinghouse 30 percent, Allis-Chalmers 15 percent, Moloney Electric Co. 10 percent, McGraw-Edison Co. 8 percent, and Wagner Electric Corp. 5 percent.

Sometimes, a company aid would avoid a face-to-face meeting with a group of competitors but accomplish his end anyway.

Baddia Rashid, chief of the Antitrust Division's trial section, told the court of an August 1956, meeting at Camp Keystone, near North Bay, Ontario. He said: "The defendants held the meeting at a particular cabin in this island resort. Mr. Oswald (W. F. Oswald, general manager, general purpose control department, switchgear and control division, GE, who pleaded guilty) who was representing General Electric during this period was not attending meetings with the rest of the companies.

However, Mr. Oswald got himself a cabin in very close proximity to the cabin being occupied by the other defendant representatives. An individual at the conspiratorial meeting was sent periodically during the course of the meeting to Mr. Oswald's cabin to consult with Mr. Oswald as to his position on the various matters that were being discussed. It was a representative of one of the smaller companies that was delegated to be, in effect, the relay man between the two cabins.

"Mr. Oswald agreed to the price increase and so notified the relay man who communicated this fact back to the remainder of the individuals at the first cabin.

"He remained outside the meeting of August 1956, in Canada in another cabin, but he sent the messages in to the other group urging them to put in effect a price increase of 10 percent. In this situation Mr. Oswald was the initiator and the leading figure on that 10-percent price increase."

The electrical firms used a variety of methods to determine who would get an order. In one case, the companies took turns in alphabetical order. In another, described in the turbine-generator indictment, the decision was made by lot.

But the most sophisticated technique apparently was the phase-of-the-moon formula for determining automatically what each company would bid on power switchgear assemblies for private corporations.

The indictment described its operation this way:

"At these periodic meetings a scheme or formula for quoting nearly identical prices to electric utility companies, private industrial corporations and contractors was used by defendant corporations designated by their representatives as a 'phase of the moon' or 'light of the moon' formula. Through cyclic rotating positioning inherent in the formula one defendant corporation would quote the low price, others would quote intermediate prices and another would quote the high price; these positions would be periodically rotated among defendant corporations."

THE AREA REDEVELOPMENT BILL

Mr. HUMPHREY. Mr. President, it is my privilege to be a cosponsor of the area redevelopment bill with the senior Senator from Illinois [Mr. DOUGLAS]. I have joined with him before in supporting similar legislation, and I share his joy in finding sympathy and encourage-

ment for this legislation from the President-elect.

The latest report from the Labor Department indicates that more than one-third of the major labor market areas are suffering from serious unemployment, and that, in addition to these 51 major centers of unemployment, there are 123 smaller areas with serious unemployment troubles. In my own State of Minnesota, serious unemployment continues in the northeast area, and in Duluth, in particular.

Mr. President, we have had a very serious time in this area of my State. Iron mining is down considerably; unemployment continues to mount; and up to date we have found no real solution. It is our view, in Minnesota, that the area redevelopment legislation offers us at least a hope for some alleviation of the unemployment and economic distress.

I think the need for this area redevelopment legislation has been established beyond the shadow of a doubt during the past 4 years.

In the 84th Congress, the Senate passed an area redevelopment bill to help economically distressed areas; but the other body failed to act on it.

In the 85th Congress, both Houses approved area redevelopment legislation; but the President's veto killed our hopes.

In the 86th Congress, we again were successful in passing area redevelopment legislation through both Houses of Congress. But again the President's veto killed our efforts to get this legislation onto the statute books.

We are indeed fortunate that the recommendations of the special study group headed by Senator DOUGLAS, for the President-elect, are being translated into legislative action so quickly; and I pledge my full support for early action in this House on this thoroughly discussed and thoroughly studied legislation.

No one need fear that this is a blank check for hasty or reckless action. This is primarily a loan program which will be self-supporting in the long run.

Under this proposal, there will be a ceiling of \$400 million on the total Federal commitment; and the commitment for the first fiscal year of the new administration is limited to \$100 million.

I may add that I think this is a very modest amount; I only hope it will prove to be enough. I have serious doubts that it will; but at least it is a beginning.

The Federal Government can make loans to communities in depressed areas, to aid construction of public or private facilities which will help to attract new industry; and the bill also provides for vocational training and retraining subsistence payments.

Mr. President, I wish to note that it is my intention to offer again the Youth Conservation Corps bill, which I believe is supplemental to the area redevelopment bill, or at least is a companion measure. There is a rising number of unemployed young men between the ages of 17 and 20. This is going to be a very serious problem in some areas of the country. The Youth Conservation Corps bill will afford an opportunity for

many thousand young men for gainful employment in the great national parks, national forests, State parks, and State forests, in the field of conservation.

I shall again introduce the bill, which previously passed the Senate; and I hope that, again, favorable action will be taken on the bill by both Houses of Congress, and that the bill will then be signed by the President.

It will bring new life and new hope to the depressed communities which have too long been denied their fair share in America's prosperity.

Mr. President, area redevelopment legislation is long overdue and urgently needed. This legislation should receive the same high priority in Congress that it has in the program of the President-elect.

I want to compliment the President-elect for his leadership in this matter in keeping the commitment he made to the people of the United States in his campaign.

MORE DANGEROUS THAN A FILIBUSTER

Mr. RUSSELL. Mr. President, I ask unanimous consent that there may be printed in the body of the RECORD a very able and instructive article appearing on the editorial page of today's Washington Evening Star, by Mr. Gould Lincoln, entitled "More Dangerous Than a Filibuster."

The article very clearly depicts something I have endeavored in time past to present to the Senate, the danger of adopting a gag rule in the Senate of the United States. It looks very wonderful to have a gag rule when one has a majority of the votes, a majority of one, and has made his speech. Then it is wonderful to have a gag rule or a previous question device that brings an issue to a vote and does not give anyone else a chance to express his views; but you may be sure, Mr. President, these chickens will come home to roost, and if we ever do destroy the Senate's constitutional function, and prescribe a rule that will, in effect, deny a representative of a sovereign State the right to full expression on the floor of the Senate by imposing one of these drastic gag rules, we will not only have denied the right of a sovereign State, but we will have sounded the death knell of true liberalism in this country.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MORE DANGEROUS THAN A FILIBUSTER

(By Gould Lincoln)

The Senate today is locked in another struggle over the proposition that a majority—even of one—should be entitled to cut off debate and force a bill, a resolution, an important issue to a vote, no matter how ill-considered and no matter if it violates rights of a minority. For generations—indeed, since the beginning of the Government of this country—the Senate has remained a unique body, with debate unlimited. This, it is true, was modified by the adoption of the so-called cloture rule immediately after President Woodrow Wilson began his sec-

IN THE SENATE OF THE UNITED STATES

JANUARY 5 (legislative day, JANUARY 4), 1961

Mr. SCOTT (for himself and Mr. KEATING) introduced the following bill; which
was read twice and referred to the Committee on Banking and Currency

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act be cited as the "Area Redevelopment Act".

4 DECLARATION OF PURPOSE

5 SEC. 2. The Congress declares that the maintenance
6 of the national economy at a high level is vital to the best
7 interests of the United States, but that some of our com-
8 munities are suffering substantial and persistent unemploy-
9 ment which causes hardship to many individuals and their
10 families and detracts from the national welfare by wasting

1 vital human resources; that to overcome this problem the
2 Federal Government in cooperation with the States, should
3 help areas of substantial and persistent unemployment to
4 take effective steps in planning and financing their economic
5 development; that Federal assistance should enable com-
6 munities to achieve lasting improvement and enhance the
7 domestic prosperity by the establishment of stable and di-
8 versified local economies; and that new employment oppor-
9 tunities should be created rather than merely transferred
10 from one community to another.

11 AREA ECONOMIC REDEVELOPMENT ADMINISTRATION

12 SEC. 3. To assist areas in the United States designated
13 hereinafter as redevelopment areas, the Secretary of Com-
14 merce is authorized to take such action as may be necessary
15 to carry out the provisions of this Act. To assist the Sec-
16 retary of Commerce (hereinafter referred to as the "Sec-
17 retary"), there is hereby established within the Department
18 of Commerce an Area Economic Redevelopment Adminis-
19 tration which shall be headed by an Administrator who shall
20 be appointed by the Secretary and who shall receive com-
21 pensation at a rate equal to that received by Assistant Sec-
22 retaries of Commerce. The Administrator shall perform
23 such duties in the execution of this Act as the Secretary may
24 assign.

ADVISORY BOARD

1
2 SEC. 4. (a) To advise the Secretary in the performance
3 of functions authorized by this Act, there is authorized to
4 be created an Area Economic Redevelopment Advisory
5 Board (hereinafter referred to as the "Board", which shall
6 consist of the following members, all ex officio: The Secre-
7 tary, as Chairman; the Secretaries of Agriculture; Health,
8 Education, and Welfare; Labor; and Treasury; the Admin-
9 istrators of the Housing and Home Finance Agency and of
10 the Small Business Administration. The Chairman may from
11 time to time invite the participation of officials of other agen-
12 cies of the executive branch interested in the functions
13 herein authorized. Each member of the Board may desig-
14 nate an officer of his agency to act for him as a member of
15 the Board with respect to any matter there considered.

16 (b) The Secretary shall appoint a National Public
17 Advisory Committee on Area Redevelopment which shall
18 consist of twenty-five members and which shall be composed
19 of representatives of labor, management, agriculture, and
20 the public in general. From the members appointed to such
21 Committee the Secretary shall designate a Chairman. Such
22 Committee, or any duly established subcommittee thereof,
23 shall from time to time make recommendations to the
24 Secretary relative to the carrying out of his duties under this

1 Act. Such Committee shall hold not less than two meetings
2 during each calendar year.

3 (c) The Secretary is authorized from time to time to
4 call together and confer with representatives of the various
5 parties in interest from any industry in which employment
6 has dropped substantially over an extended period of years
7 and which in consequence has been a primary source of
8 high levels of unemployment in several areas designated
9 by the Secretary as redevelopment areas. Conferences con-
10 vened under authority of this subsection shall consider with
11 and recommend to the Secretary plans and programs with
12 special reference to any such industry to carry out the pur-
13 poses of this Act.

14 REDEVELOPMENT AREAS

15 SEC. 5. (a) The Secretary shall designate as "indus-
16 trial redevelopment areas" those industrial areas within the
17 United States in which he determines that there has existed
18 substantial and persistent unemployment for an extended
19 period of time. There shall be included among the areas so
20 designated any industrial area—

21 (1) where the rate of unemployment, excluding
22 unemployment due primarily to temporary or seasonal
23 factors, is currently 6 per centum or more and has
24 averaged at least 6 per centum for the qualifying time
25 periods specified in (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

(b) The Secretary shall also designate as “rural re-development areas” those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

(c) In making the determinations provided for in this section, the Secretary shall be guided, but not conclusively

1 governed, by pertinent studies made, and information and
2 data collected or compiled, by (1) departments, agencies,
3 and instrumentalities of the Federal Government, (2) State
4 and local governments, (3) universities and land-grant
5 colleges, and (4) private organizations.

6 (d) Upon the request of the Secretary, the Secretary
7 of Labor, the Secretary of Agriculture, and the Director of
8 the Bureau of the Census are respectively authorized to
9 conduct such special studies, obtain such information and
10 compile and furnish to the Secretary such data as the
11 Secretary may deem necessary or proper to enable him to
12 make the determinations provided for in this section. The
13 Secretary shall reimburse, out of any funds appropriated to
14 carry out the purposes of this Act, the foregoing officers for
15 any expenditures incurred by them under this section.

16 (e) As used in this Act, the term "redevelopment
17 area" refers to any area within the United States which has
18 been designated by the Secretary as an industrial redevel-
19 opment area or a rural redevelopment area, and may include
20 one or more counties, or one or more municipalities, or a
21 part of a county or municipality.

22 LOANS AND PARTICIPATIONS

23 SEC. 6. (a) The Secretary is authorized to purchase
24 evidences of indebtedness and to make loans (including

1 immediate participations therein) to aid in financing any
2 project for the purchase or development of land and facil-
3 ities for industrial usage, for the construction of new factory
4 buildings, for rehabilitation of abandoned or unoccupied fac-
5 tory buildings, or for the alteration, conversion, or enlarge-
6 ment of any existing buildings for industrial use. Such
7 financial assistance shall not be extended for working capital,
8 for purchases of machinery or equipment, or to assist estab-
9 lishments relocating from one area to another when such
10 assistance will result in substantial detriment to the area of
11 original location by increasing unemployment.

12 (b) Financial assistance under this section shall be
13 on such terms and conditions as the Secretary determines,
14 subject, however, to the following restrictions and limita-
15 tions:

16 (1) The total amount of loans and loan participa-
17 tions (including purchased evidences of indebtedness)
18 outstanding at any one time under this section (A)
19 with respect to projects in industrial redevelopment
20 areas shall not exceed \$100,000,000, and (B) with
21 respect to projects in rural redevelopment areas shall
22 not exceed \$50,000,000;

23 (2) Such assistance shall be extended only to ap-
24 plicants, both private and public, approved by the State

1 (or any agency or instrumentality thereof concerned
2 with problems of economic development) in which the
3 project to be financed shall be located;

4 (3) No such assistance shall be extended hereunder
5 unless the financial assistance applied for is not other-
6 wise available from private lenders or other Federal
7 agencies on reasonable terms;

8 (4) No loan shall be made unless it is determined
9 that an immediate participation is not available;

10 (5) No evidences of indebtedness shall be purchased
11 and no loans shall be made unless it is determined that
12 there is a reasonable assurance of repayment;

13 (6) Subject to section 11 (5) of this Act, no loan,
14 including renewals or extension thereof may be made
15 hereunder for a period exceeding thirty years and no
16 evidences of indebtedness maturing more than thirty
17 years from date of purchase may be purchased here-
18 under: *Provided*, That the foregoing restrictions on
19 maturities shall not apply to securities or obligations
20 received by the Secretary as a claimant in bankruptcy
21 or equitable reorganization or as a creditor in other
22 proceedings attendant upon insolvency of the obligor,
23 or if extension or renewal for additional periods, not to
24 exceed, however, a total of ten years, will aid in the

1 orderly liquidation of such loan or of such evidence of
2 indebtedness;

3 (7) Such assistance shall not exceed 50 per centum
4 of the aggregate cost to the applicant (excluding all
5 other Federal aid in connection with the undertaking)
6 of acquiring or developing land and facilities, and of
7 constructing, altering, converting, rehabilitating, or en-
8 larging the building or buildings of the particular project
9 and shall, among others, be on the following conditions:

10 (A) That other funds are available in an
11 amount which, together with the assistance provided
12 hereunder, shall be sufficient to pay such aggregate
13 cost;

14 (B) That not less than 10 per centum of such
15 aggregate cost be supplied by the State or any
16 agency, instrumentality, or political subdivision
17 thereof, or by a community or area organization, as
18 equity capital or as a loan repayable only after the
19 financial assistance hereunder has been repaid in full
20 according to the terms thereof and, if such loan is
21 secured, its security shall be subordinate and in-
22 ferior to the lien or liens securing the financial
23 assistance hereunder; and

1 (C) That in making any loan under this section
2 with respect to an industrial redevelopment area, the
3 Secretary shall require that not less than 5 per
4 centum of the aggregate cost of the project for which
5 such loan is made shall be supplied by nongovern-
6 mental sources.

7 (8) No such assistance shall be extended unless
8 there shall be submitted and approved by the Secre-
9 tary an overall program for the economic development of
10 the area and a finding by the State, or any agency,
11 instrumentality, or local political subdivision thereof,
12 that the project for which financial assistance is sought
13 is consistent with such program: *Provided*, That noth-
14 ing in this Act shall authorize financial assistance for
15 any project prohibited by laws of the State or local
16 political subdivision in which the project would be
17 located.

18 (c) Of the funds authorized to be appropriated under
19 section 8 of this Act, not more than \$100,000,000 shall be
20 deposited in a revolving fund which shall be used for the pur-
21 pose of making loans under this section with respect to
22 projects in industrial redevelopment areas, and not more than
23 \$50,000,000 shall be deposited in a revolving fund which
24 shall be used for the purpose of making loans under this sec-
25 tion with respect to projects in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, or private or public organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

(4) there is a reasonable expectation of repayment.

(b) No loan under this section shall be for an amount in excess of 50 per centum of the aggregate cost of the project for which such loan is made. Subject to section 11 (5), the

1 maturity date of any such loan shall be not later than thirty
2 years after the date such loan is made.

3 (c) In making any loan under this section, the Secre-
4 tary shall require that not less than 10 per centum of the
5 aggregate cost of the project for which such loan is made
6 shall be supplied by the State (including any political sub-
7 division thereof) within which such project is to be located
8 as equity capital, or as a loan repayable only after the finan-
9 cial assistance provided under this section has been repaid
10 in full, and, if such loan is secured, its security shall be sub-
11 ordinate to the lien or liens securing the financial assistance
12 provided under this section. In determining the amount of
13 participation required under this subsection with respect to
14 any particular project, the Secretary shall give consideration
15 to the financial condition of the State or local government,
16 and to the per capita income of the residents of the redevel-
17 opment area, within which such project is to be located.

18 (d) Of the funds authorized to be appropriated under
19 section 8 of this Act, not more than \$50,000,000 shall be
20 deposited in a revolving fund which shall be used for the pur-
21 pose of making loans under this section.

22 APPROPRIATION FOR LOANS

23 SEC. 8. There is hereby authorized to be appropriated
24 not to exceed \$200,000,000 to provide funds for loans under
25 this Act.

INFORMATION

SEC. 9. The Secretary shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 10. In carrying out his duties under this Act, the Secretary is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the

1 employment of private individuals, partnerships, firms, cor-
2 porations, or suitable institutions, under contracts entered
3 into for such purpose. Appropriations are hereby authorized
4 for the purposes of this section in an amount not to exceed
5 \$4,000,000 annually.

6 POWERS OF SECRETARY

7 SEC. 11. In performing his duties under this Act, the
8 Secretary is authorized to—

9 (1) adopt, alter, and use a seal, which shall be ju-
10 dicially noticed; and subject to the civil service and
11 classification laws, select, employ, appoint, and fix the
12 compensation of such officers, employees, attorneys, and
13 agents as shall be necessary to carry out the provisions
14 of this Act, and define their authority and duties, pro-
15 vide bonds for them in such amounts as the Secretary
16 shall determine, and pay the costs of qualification of cer-
17 tain of them as notaries public;

18 (2) hold such hearings, sit and act at such times
19 and places, and take such testimony, as he may deem ad-
20 visable;

21 (3) request directly from any executive depart-
22 ment, bureau, agency, board, commission, office, inde-
23 pendent establishment, or instrumentality information,
24 suggestions, estimates, and statistics needed to carry out
25 the purposes of this Act; and each department, bureau,

1 agency, board, commission, office, establishment, or in-
2 strumentality is authorized to furnish such information,
3 suggestions, estimates, and statistics directly to the Sec-
4 retary;

5 (4) under regulations prescribed by him, assign or
6 sell at public or private sale, or otherwise dispose of for
7 cash or credit, in his discretion and upon such terms and
8 conditions and for such consideration as he shall deter-
9 mine to be reasonable, any evidence of debt, contract,
10 claim, personal property, or security assigned to or held
11 by him in connection with the payment of loans made
12 under this Act, and collect or compromise all obligations
13 assigned to or held by him in connection with the payment
14 of such loans until such time as such obligations may be
15 referred to the Attorney General for suit or collection;

16 (5) further extend the maturity of or renew any
17 loan made under this Act, beyond the periods stated in
18 such loan or in this Act, for additional periods not to
19 exceed ten years, if such extension or renewal will aid
20 in the orderly liquidation of such loan;

21 (6) deal with, complete, renovate, improve, mod-
22 ernize, insure, rent, or sell for cash or credit, upon such
23 terms and conditions and for such consideration as he
24 shall determine to be reasonable, any real or personal
25 property conveyed to, or otherwise acquired by him in

1 connection with the payment of loans made under this
2 Act;

3 (7) pursue to final collection, by way of compro-
4 mise or other administrative action, prior to reference
5 to the Attorney General, all claims against third parties
6 assigned to him in connection with loans made under
7 this Act. This shall include authority to obtain defi-
8 ciency judgments or otherwise as in the case of mort-
9 gages assigned to the Secretary. Section 3709 of the
10 Revised Statutes, as amended (41 U.S.C. 5), shall not
11 apply to any contract of hazard insurance or to any
12 purchase or contract for services or supplies on account
13 of property obtained by the Secretary as a result of
14 loans made under this Act if the premium therefor or
15 the amount thereof does not exceed \$1,000. The power
16 to convey and to execute in the name of the Secretary
17 deeds of conveyance, deed of release, assignments and
18 satisfactions of mortgages, and any other written instru-
19 ment relating to real or personal property or any interest
20 therein acquired by the Secretary pursuant to the pro-
21 visions of this Act may be exercised by the Secretary
22 or by any officer or agent appointed by him for that
23 purpose without the execution of any express delegation
24 of power or power of attorney;

1 (8) acquire, in any lawful manner, any property
2 (real, personal, or mixed, tangible or intangible) , when-
3 ever deemed necessary or appropriate to the conduct of
4 the activities authorized in sections 6 and 7 of this Act;

5 (9) in addition to any powers, functions, privileges,
6 and immunities otherwise vested in him, take any and
7 all actions, including the procurement of the services
8 of attorneys by contract, determined by him to be nec-
9 essary or desirable in making, servicing, compromising,
10 modifying, liquidating, or otherwise administratively
11 dealing with or realizing on loans made under this Act;

12 (10) to such an extent as he finds necessary to
13 carry out the provisions of this Act, procure the tem-
14 porary (not in excess of six months) service of experts
15 or consultants or organizations thereof, including steno-
16 graphic reporting services, by contract or appointment,
17 and in such cases such service shall be without regard
18 to the civil service and classifications law, and, except
19 in the case of stenographic reporting services by or-
20 ganizations, without regard to section 3709 of the Re-
21 vised Statutes (41 U.S.C. 5) ; any individual so
22 employed may be compensated at a rate not in excess
23 of \$75 per diem, and, while such individual is away

1 from his home or regular place of business, he may be
2 allowed transportation and not to exceed \$15 per diem
3 in lieu of subsistence and other expenses; and

4 (11) establish such rules, regulations, and proce-
5 dures as he may deem appropriate in carrying out the
6 provisions of this Act.

7 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

8 SEC. 12. Whenever the Secretary shall determine that
9 employment conditions within any area previously desig-
10 nated by him as a redevelopment area have changed to such
11 an extent that such area is no longer eligible for such desig-
12 nation under section 5 of this Act, no further assistance shall
13 be granted under this Act with respect to such area and,
14 for the purposes of this Act, such area shall not be considered
15 a redevelopment area: *Provided*, That nothing contained
16 herein shall (1) prevent any such area from again being
17 designated a redevelopment area under section 5 of this
18 Act if the Secretary determines it to be eligible under such
19 section, or (2) affect the validity of any contracts or under-
20 takings with respect to such area which were entered into
21 pursuant to this Act prior to a determination by the Secre-
22 tary that such area no longer qualifies as a redevelopment
23 area. The Secretary shall keep the departments and agen-
24 cies of the Federal Government, and interested State or

1 local agencies, advised at all times of any changes made
2 hereunder with respect to the designation of any area.

3 PROCUREMENT BY GOVERNMENTAL AGENCIES

4 SEC. 13. Each department, agency, or other instru-
5 mentality of the Federal Government engaged in the pro-
6 curement of any supplies or services for use by or on behalf
7 of the United States shall—

8 (1) use its best efforts to award negotiated procure-
9 ment contracts to contractors located within redevelop-
10 ment areas to the extent procurement objectives will
11 permit;

12 (2) where deemed appropriate, set aside portions of
13 procurements for negotiation exclusively with firms lo-
14 cated in redevelopment areas, if a substantial proportion
15 of production on such negotiated contracts will be per-
16 formed within redevelopment areas and if such firms
17 will contract for such portions of the procurement at
18 prices no higher than those paid on the balance of such
19 procurements;

20 (3) where deemed appropriate and consistent with
21 procurement objectives, after the expiration of the period
22 during which bids for any procurement are permitted to
23 be submitted and if the lowest of such bids was sub-
24 mitted by a firm in an area other than a redevelopment

1 area, negotiate with firms in redevelopment areas with
2 a view to ascertaining whether any such firm will furnish
3 the services or supplies with respect to which bids were
4 theretofore submitted for an amount equal to, or less
5 than, the amount of the lowest bid theretofore submitted
6 for the furnishing of such services or supplies, and if
7 such firm can be found, award the contract for the fur-
8 nishing of such services or supplies to such firm;

9 (4) assure that firms in redevelopment areas which
10 are on appropriate bidders' lists will be given the oppor-
11 tunity to submit bids or proposals on all procurements
12 for which they are qualified and on which small business
13 joint determinations have not been made, but whenever
14 the number of firms on a bidders' list is exclusive, there
15 shall be included a representative number of firms from
16 redevelopment areas;

17 (5) in the event of tie bids on offers on any procure-
18 ment, award the contract to the firm located in a re-
19 development area, other things being equal;

20 (6) encourage prime contractors to award subcon-
21 tracts to firms in redevelopment areas; and

22 (7) cooperate with other departments, agencies,
23 and instrumentalities of the Federal Government in
24 achieving the objectives set out in this subsection.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

“INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA
ECONOMIC REDEVELOPMENT ACT

“SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Housing and Home Finance Administrator (1) that any county, city, or other municipality (in this section referred to as a ‘municipality’) is situated in an area designated under section 5 (a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Housing and Home Finance Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) The Housing and Home Finance Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110 (c) that the project area be clearly predominantly residential in character or that it be redeveloped for predomi-

1 nantly residential uses; but no such assistance shall be pro-
2 vided in any area if such Administrator determines that it
3 will assist in relocating business operations from one area to
4 another when such assistance will result in substantial detri-
5 ment to the area of original location by increasing unemploy-
6 ment.

7 “(c) Financial assistance under this section may be pro-
8 vided for any project involving a project area including pri-
9 marily industrial or commercial structure suitable for reha-
10 bilitation under the urban renewal plan for the area.

11 “(d) Notwithstanding any other provision of this title,
12 a contract for financial assistance under this section may in-
13 clude provisions permitting the disposition of any land in the
14 project area designated under the urban renewal plan for
15 industrial or commercial uses to any public agency or non-
16 profit corporation for subsequent disposition as promptly as
17 practicable by such public agency or corporation for the re-
18 development of the land in accordance with the urban re-
19 newal plan: *Provided*, That any disposition of such land
20 under this section shall be made at not less than its fair value
21 for uses in accordance with the urban renewal plan: *And*
22 *provided further*, That the purchasers from or lessees of such
23 public agency or corporation, and their assignees, shall be
24 required to assume the obligations imposed under section
25 105 (b).

1 “(e) Following the execution of any contract for finan-
2 cial assistance under this section with respect to any project,
3 the Housing and Home Finance Administrator may exercise
4 the authority vested in him under this section for the com-
5 pletion of such project, notwithstanding any determination
6 made after the execution of such contract that the area in
7 which the project is located may no longer be an industrial
8 redevelopment area under the Area Redevelopment Act.

9 “(f) Not more than 10 per centum of the funds author-
10 ized for loans under section 102 or for capital grants under
11 section 103 shall be available to provide financial assistance
12 under this section.”

13 URBAN PLANNING GRANTS

14 SEC. 15. Paragraph (3) of section 701(a) of the
15 Housing Act of 1954 is amended by inserting after “coun-
16 ties which” the following: “(A) are situated in areas
17 designated by the Secretary of Commerce under section
18 5(a) of the Area Redevelopment Act as industrial re-
19 development areas, or (B)”.

20 VOCATIONAL TRAINING

21 SEC. 16. (a) The Secretary of Labor, in consultation
22 with the Secretary of Commerce, shall determine the voca-
23 tional training or retraining needs of unemployed individuals
24 residing in redevelopment areas and shall cooperate with
25 the Secretary of Health, Education, and Welfare and with

1 existing State and local agencies and officials in charge of
2 existing programs relating to vocational training and re-
3 training for the purpose of assuring that the facilities and
4 services of such agencies are made fully available to such
5 individuals.

6 (b) Whenever the Secretary of Labor finds that addi-
7 tional facilities or services are needed in the area to meet
8 the vocational training or retraining needs of such individ-
9 uals, he shall so advise the Secretary of Health, Education,
10 and Welfare. The Secretary of Health, Education, and Wel-
11 fare, through the Commissioner of Education, shall provide
12 assistance, including financial assistance when necessary, to
13 the appropriate State vocational educational agency in the
14 provision of such additional facilities or services. If the Sec-
15 retary of Health, Education, and Welfare finds that the State
16 vocational educational agency is unable to provide the facili-
17 ties and services needed, he may, after consultation with such
18 agency, provide for the same by agreement or contract with
19 public or private educational institutions: *Provided*, That
20 the Secretary of Labor shall arrange to provide any neces-
21 sary technical assistance for setting up apprenticeship, jour-
22 neyman, and other job training needed in the locality.

23 RETRAINING SUBSISTENCE PAYMENTS

24 SEC. 17. (a) The Secretary of Labor in consultation
25 with the Secretary of Commerce shall, on behalf of the United

1 States, enter into agreements with States in which redevelop-
2 ment areas are located, under which the Secretary of Labor
3 shall make payments to such States for the purpose of
4 enabling such States, as agents of the United States, to make
5 weekly retraining payments to unemployed individuals resid-
6 ing within such redevelopment areas who are not entitled to
7 unemployment compensation (either because their unem-
8 ployment compensation benefits have been exhausted or
9 because they were not insured for such compensation) and
10 who have been certified by the Secretary of Labor to be
11 undergoing vocational training or retraining under section 16
12 of this Act. Such payments shall be made only during the
13 period the individual is receiving vocational training or re-
14 training under section 16 of this Act, but not in any event
15 to exceed sixteen weeks, and the amounts of such payments
16 shall be equal to the amount of the average weekly unem-
17 ployment compensation payment payable in the State mak-
18 ing such payments.

19 (b) The Secretary of Labor and the Secretary of Com-
20 merce shall jointly prescribe such rules and regulations as
21 they may deem necessary to carry out the provisions of this
22 section.

23 (c) There are hereby authorized to be appropriated such
24 sums, not in excess of \$10,000,000, as may be necessary to
25 carry out the provisions of this section.

1 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

2 SEC. 18. The Secretary shall take such action as may be
3 necessary to insure that all laborers and mechanics employed
4 by contractors or subcontractors on projects undertaken by
5 public applicants assisted under this Act (1) shall be paid
6 wages at rates no less than those prevailing on the same type
7 of work on similar construction in the immediate locality as
8 determined by the Secretary of Labor in accordance with the
9 Act of August 30, 1935 (Davis-Bacon Act), and (2) shall
10 be employed not more than forty hours in any one week
11 unless the employee receives wages for his employment in
12 excess of the hours specified above at a rate not less than
13 one and one-half times the regular rate at which he is
14 employed.

15 PENALTIES

SEC. 19. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining

1 money, property, or anything of value, under this title, shall
2 be punished by a fine of not more than \$10,000 or by im-
3 prisonment for not more than five years, or both.

4 (b) Whoever, being connected in any capacity with
5 the Secretary (1) embezzles, abstracts, purloins, or willfully
6 misapplies any moneys, funds, securities, or other things of
7 value, whether belonging to him or pledged or otherwise
8 entrusted to him, or (2) with intent to defraud the Secretary
9 or any other body politic or corporate, or any individual, or
10 to deceive any officer, auditor, or examiner of the Secretary
11 makes any false entry in any book, report, or statement of
12 or to the Secretary, or without being duly authorized, draws
13 any order or issues, puts forth, or assigns any note, debenture,
14 bond, or other obligation, or draft, bill of exchange, mortgage,
15 judgment, or decree thereof, or (3) with intent to defraud
16 participates, shares, receives directly or indirectly any money,
17 profit, property, or benefit through any transaction, loan,
18 commission, contract, or any other act of the Secretary,
19 or (4) gives any unauthorized information concerning any
20 future action or plan of the Secretary which might affect
21 the value of securities, or having such knowledge, invests
22 or speculates, directly or indirectly, in the securities or

1 property of any company or corporation receiving loans or
2 other assistance from the Secretary shall be punished by a
3 fine of not more than \$10,000 or by imprisonment for not
4 more than five years, or both.

5 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE

6 EMPLOYEES

7 SEC. 20. No loan shall be made by the Secretary under
8 this Act to any business enterprise unless the owners, part-
9 ners, or officers of such business enterprise (1) certify to the
10 Secretary the names of any attorneys, agents, or other per-
11 sons engaged by or on behalf of such business enterprise for
12 the purpose of expediting applications made to the Secretary
13 for assistance of any sort, and the fees paid or to be paid to
14 any such person; and (2) execute an agreement binding any
15 such business enterprise for a period of two years after any
16 assistance is rendered by the Secretary to such business
17 enterprise, to refrain from employing, tendering any office
18 or employment to, or retaining for professional services, any
19 person who, on the date such assistance or any part thereof
20 was rendered, or within one year prior thereto, shall have
21 served as an officer, attorney, agent or employee of the
22 Secretary occupying a position or engaging in activities with

1 which the Secretary shall have determined involve discretion
2 with respect to the granting of assistance under this Act.

3 ANNUAL REPORT

4 SEC. 21. The Secretary shall make a comprehensive and
5 detailed annual report to the Congress of his operations under
6 this Act for each fiscal year beginning with the fiscal year
7 ending June 30, 1962. Such report shall be printed, and
8 shall be transmitted to the Congress not later than January
9 3 of the year following the fiscal year with respect to which
10 such report is made. Such report shall show, among other
11 things, (1) the number and size of Government contracts
12 for the furnishing of supplies and services placed with busi-
13 ness firms located in redevelopment areas, and (2) the
14 amount and duration of employment resulting from such con-
15 tracts. Upon the request of the Secretary, the various de-
16 partments and agencies of the Government engaged in the
17 procurement of supplies and services shall furnish to the
18 Secretary such information as may be necessary for the
19 purposes of this section.

20 APPROPRIATION

21 SEC. 22. In addition to appropriations hereinbefore spe-
22 cifically authorized, there are further authorized to be appro-

1 priated such sums as may be necessary to carry out the pro-
2 visions and purposes of this Act.

3 USE OF OTHER FACILITIES

4 SEC. 23. (a) To avoid duplication of activities and min-
5 imize expense in carrying out the provisions of this Act, the
6 Secretary shall, to the extent practicable and with their con-
7 sent, use the available services and facilities of other agencies
8 and instrumentalities of the Federal Government on a reim-
9 bursable basis.

10 (b) Departments and agencies of the Federal Govern-
11 ment shall exercise their powers, duties, and functions in
12 such manner as will assist in carrying out the objectives of
13 this Act. This Act shall be supplemental to any existing
14 authority, and nothing herein shall be deemed to be re-
15 strictive of any existing powers, duties, and functions of any
16 other department or agency of the Federal Government.

17 RECORDS AND AUDIT

18 SEC. 24. (a) Each recipient of assistance under section
19 6 or 7 of this Act shall keep such records as the Secretary
20 shall prescribe, including records which fully disclose the
21 amount and the disposition by such recipient of the proceeds
22 of such assistance, the total cost of the project or undertaking
23 in connection with which such assistance is given or used,
24 and the amount and nature of that portion of the cost of the

1 project or undertaking supplied by other sources, and such
2 other records as will facilitate an effective audit.

3 (b) The Secretary and the Comptroller General of
4 the United States, or any of their duly authorized repre-
5 sentatives, shall have access for the purpose of audit and
6 examination to any books, documents, papers, and records
7 of the recipient that are pertinent to assistance received under
8 section 6 or 7 of this Act.

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

By Mr. Scott and Mr. Keating

JANUARY 5 (legislative day, JANUARY 4), 1961
Read twice and referred to the Committee on
Banking and Currency

may, with the concurrence of the agency having custody thereof, be transferred without consideration to the administrative jurisdiction of the Secretary for use by him in carrying out the provisions of this Act.

(b) The Secretary is authorized to pay for any acquisitions which he makes by purchase under this Act their fair market value, as determined by the Secretary, who may in his discretion base his determination on an independent appraisal obtained by him.

(c) In exercising his authority to acquire property by exchange, the Secretary may accept title to any non-Federal property located within such area and convey to the grantor of such property any federally owned property under the jurisdiction of the Secretary within such area. The properties so exchanged shall be approximately equal in fair market value, provided that the Secretary may accept cash from or pay cash to the grantor in such an exchange in order to equalize the values of the properties exchanged.

SEC. 4. (a) As soon as practicable after the date of enactment of this Act and following the acquisition by the Secretary of an acreage in the area described in section 2 of this Act, that is in the opinion of the Secretary efficiently administrable to carry out the purposes of this Act, the Secretary shall establish the area as a national seashore by the publication of notice thereof in the Federal Register.

(b) Such notice referred to in subsection (a) of this section shall contain a detailed description of the boundaries of the seashore which shall encompass an area as nearly as practicable identical to the area described in section 2 of this Act. The Secretary shall forthwith after the date of publication of such notice in the Federal Register (1) send a copy of such notice, together with a map showing such boundaries, by registered or certified mail to the Governor of the State of Texas and to the governing body of each of the political subdivisions involved; (2) cause a copy of such notice and map to be published in one or more newspapers which circulate in each of the localities; and (3) cause a certified copy of such notice, a copy of such map, and a copy of this Act to be recorded at the registry of deeds for the county involved.

SEC. 5. (a) Any owner or owners (hereinafter in this subsection referred to as "owner") of improved property on the date of its acquisition by the Secretary may, as a condition to such acquisition, retain the right of use and occupancy of his property for noncommercial residential purposes for a term not to exceed twenty-five years, or for a term ending at the death of such owner, the death of his spouse, or the day his last surviving child reaches the age of twenty-one, whichever is the latest. The owner shall elect the term to be reserved. In any case where such an owner retains a right of use and occupancy as herein provided, such right may during its existence be conveyed or leased, in whole, but not in part. The Secretary shall pay to the owner the fair market value of the property on the date of such acquisition less the fair market value on such date of the right retained by the owner.

(b) As used in this Act, the term "improved property" shall mean a private noncommercial dwelling, including the land on which it is situated, whose construction was begun before September 1, 1959, and structures accessory thereto (hereinafter in this subsection referred to as "dwelling"), together with such amount and locus of the property adjoining and in the same ownership as such dwelling as the Secretary designates to be reasonably necessary for the enjoyment of such dwelling for the sole purpose of noncommercial residential use and occupancy. In making such designation the Secretary shall take into account the manner of noncommercial residential use and oc-

cupancy in which the dwelling and such adjoining property has usually been enjoyed by its owner or occupant. The amount of such adjoining property to be so designated by the Secretary shall in no case be less than three acres in area, or all of such lesser amount as there may be, except that the Secretary may exclude from the amount of adjoining property so designated any beach or waters, together with so much of the land adjoining such beach or waters as the Secretary may deem necessary for public access thereto.

(c) When acquiring land, waters, or interests therein for the Padre Island National Seashore, the Secretary may permit a reservation by the grantor of all or any part of the minerals in such land or waters, with the right of occupation and use of so much of the surface of the land or waters as may be required for all purposes reasonably incident to the mining or removal of the minerals, under such regulations as may be prescribed by the Secretary.

SEC. 6. Except as otherwise provided in this Act, the property acquired by the Secretary under this Act shall be administered by the Secretary, subject to the provisions of the Act entitled "An Act to establish a National Park Service, and for other purposes" approved August 25, 1916 (39 Stat. 535); as amended and supplemented, and in accordance with other laws of general application relating to the national park system as defined by the Act of August 8, 1953 (67 Stat. 496), except that authority otherwise available to the Secretary for the conservation and management of natural resources may be utilized to the extent he finds such authority will further the purposes of this Act.

SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act; except that no more than \$4,000,000 shall be appropriated for the acquisition of land and waters and improvements thereon, and interests therein, and incidental costs relating thereto, in accordance with the provisions of this Act.

SEC. 8. If any provision of this Act or the application of such provision to any person or circumstance is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

AREA REDEVELOPMENT ACT

Mr. SCOTT. Mr. President, since coming to the Senate, I have vigorously supported programs for redevelopment, rehabilitation, and relief in depressed areas of our country. The first bill I introduced upon coming to the Senate in 1959 was for this purpose, and I supported earlier legislation in the House.

S. 268, which I introduced in the 86th Congress, was very similar to the area redevelopment bill finally approved by the House and the Senate. This has encouraged me to believe the same result might be forthcoming in the 87th Congress.

Mr. President, I was concerned when recent press reports indicated that the task force, appointed by President-elect Kennedy and headed by the senior Senator from Illinois, might be expected to concentrate its efforts in West Virginia.

On December 8, the senior Senator from Kentucky and five Republican members of the Pennsylvania delegation in the House, joined me in sending a telegram to the distinguished chairman of the task force, expressing the hope

that other distressed areas will not be forgotten.

WASHINGTON, D.C., December 8, 1960.—The following is the text of a telegram to Senator PAUL H. DOUGLAS, chairman of a special group to consider problems of distressed areas, signed by Senators HUGH SCOTT, Republican, of Pennsylvania; JOHN SHERMAN COOPER, Republican, of Kentucky; Congressmen IVOR D. FENTON, Republican, of Pennsylvania; JAMES E. VAN ZANDT, Republican, of Pennsylvania; JOHN P. SAYLOR, Republican, of Pennsylvania; ARCH A. MOORE, Jr., Republican, of West Virginia; and Congressman-elect WILLIAM W. SCRANTON, Republican, of Pennsylvania:

"We have read with a great deal of interest of your appointment as chairman of a special group to consider problems of distressed areas. We who have worked for many years for aid to our chronic areas of unemployment in Pennsylvania, Kentucky, and elsewhere, are pleased to know that President-elect Kennedy considers this problem to be urgent enough to become one of his first orders of business.

"As you know, along with others vitally interested in this type of legislation, we have felt for some time that we should not use a pork barrel approach, but rather aim such legislation to correct those longstanding areas of chronic distress such as exist in the coal regions of Pennsylvania and Kentucky. Certainly West Virginia is greatly in need of an effective program of assistance. However, there are also a number of chronically depressed areas in Pennsylvania, Kentucky, Illinois, and elsewhere. The character of assistance needed in one State may differ in some respects from that needed in another.

"Please be assured of our desire to cooperate with you and your committee in any way possible in order to secure passage of workable and effective legislation to provide assistance to longstanding chronically depressed areas. May we assume that such cooperation will be welcomed in the future as in the past?"

I was glad to be reassured that the task force would develop plans to include Pennsylvania, Kentucky, and other States having depressed areas. I have worked earnestly with my colleagues from West Virginia, and know they would want Pennsylvania and Kentucky to share in any remedial programs developed.

The distinguished senior Senator from Illinois was good enough to furnish me with a draft of his proposed area redevelopment bill. While not all of the figures were filled in on the committee print, I could estimate the total cost would be in line with bills he has previously offered.

Not only on this point, but upon other and perhaps more fundamental issues, I differ with my friend from Illinois.

I recommend that area redevelopment programs be financed out of appropriated funds, and not by back-door Treasury financing.

I recommend that Commerce is the logical Department to have the major responsibility for coordinating this program. Time will be saved in staffing, and its organization is geared to deal with problems of business and industry.

I recommend a maximum Federal loan participation of 50 percent, with the State, local government, and private sources sharing the matching 50 percent.

I recommend a revolving loan fund of \$200 million—\$100 million for industrial loans, \$50 million for rural develop-

ment, and \$50 million for public-facility loans. This will provide a substantial basic program to stimulate local and community efforts.

Mr. President, I introduce for appropriate reference a bill, similar to the one I introduced in January 1959. Two revisions and one addition have been made in my new proposal.

First. A more workable unemployment criteria has been adopted. It is the same criteria approved by the Senate in 1959, and used in the administration's compromise bill of last August. It has the effect of concentrating industrial loans in areas of serious and long-term unemployment.

Second. Ten million dollars has been added for retraining subsistence. In the hard-hit areas of Pennsylvania, workers have been stranded due to technological changes, shifts in demand, and migrations of industry. With unemployment benefits exhausted, vocational training or retraining is beyond reach. Retraining subsistence will provide a new incentive.

Third. With an increase of from \$3.5 to \$4 million for technical assistance, my bill now calls for a total of \$214 million.

I ask unanimous consent, Mr. President, to have inserted as part of my remarks, a more complete analysis and the text of the area redevelopment bill I have introduced.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and analysis will be printed in the RECORD.

The bill (S. 6) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, introduced by Mr. SCOTT, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment which causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

AREA ECONOMIC REDEVELOPMENT ADMINISTRATION

SEC. 3. To assist areas in the United States designated hereinafter as redevelopment areas, the Secretary of Commerce is authorized to take such action as may be necessary to carry out the provisions of this Act.

To assist the Secretary of Commerce (hereinafter referred to as the "Secretary"), there is hereby established within the Department of Commerce an Area Economic Redevelopment Administration which shall be headed by an Administrator who shall be appointed by the Secretary and who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

ADVISORY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Economic Redevelopment Advisory Board (hereinafter referred to as the "Board," which shall consist of the following members, all ex officio: The Secretary, as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Labor; and Treasury; the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and which shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry in which employment has dropped substantially over an extended period of years and which in consequence has been a primary source of high levels of unemployment in several areas designated by the Secretary as redevelopment areas. Conferences convened under authority of this subsection shall consider with and recommend to the Secretary plans and programs with special reference to any such industry to carry out the purposes of this Act.

REDEVELOPMENT AREAS

SEC. 5. (a) The Secretary shall designate as "industrial redevelopment areas" those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

(b) The Secretary shall also designate as "rural redevelopment areas" those rural

areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment of underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

(c) In making the determinations provided for in this section, the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(d) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census are respectively authorized to conduct such special studies, obtain such information and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

LOANS AND PARTICIPATION

SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, for purchases of machinery or equipment, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$100,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$50,000,000;

(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

(3) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from pri-

vate lenders or other Federal agencies on reasonable terms;

(4) No loan shall be made unless it is determined that an immediate participation is not available;

(5) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(6) Subject to section 11(5) of this Act, no loan, including renewals or extension thereof may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

(7) Such assistance shall not exceed 50 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder; and

(C) That in making any loan under this section with respect to an industrial redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources.

(8) No such assistance shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

(c) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, or private or public organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage,

and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

(4) there is a reasonable expectation of repayment.

(b) No loan under this section shall be for an amount in excess of 50 per centum of the aggregate cost of the project for which such loan is made. Subject to section 11(5), the maturity date of any such loan shall be not later than thirty years after the date such loan is made.

(c) In making any loan under this section, the Secretary shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan repayable only after the financial assistance provided under this section has been repaid in full, and, if such loan is secured, its security shall be subordinate to the lien or liens securing the financial assistance provided under this section. In determining the amount of participation required under this subsection with respect to any particular project, the Secretary shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

(d) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

APPROPRIATION FOR LOANS

SEC. 8. There is hereby authorized to be appropriated not to exceed \$200,000,000 to provide funds for loans under this Act.

INFORMATION

SEC. 9. The Secretary shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 10. In carrying out his duties under this Act, the Secretary is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include

studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,000,000 annually.

POWERS OF SECRETARY

SEC. 11. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Secretary shall determine, and pay the costs of qualification of certain of them as notaries public;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed, to or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise as in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deed of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any

interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications law, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 12. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

PROCUREMENT BY GOVERNMENTAL AGENCIES

SEC. 13. Each department, agency, or other instrumentality of the Federal Government engaged in the procurement of any supplies or services for use by or on behalf of the United States shall—

(1) use its best efforts to award negotiated procurement contracts to contractors located within redevelopment areas to the extent procurement objectives will permit;

(2) where deemed appropriate, set aside portions of procurements for negotiation exclusively with firms located in redevelopment areas, if a substantial proportion of production on such negotiated contracts will be performed within redevelopment areas and if such firms will contract for such portions of the procurement at prices no higher than

those paid on the balance of such procurements;

(3) where deemed appropriate and consistent with procurement objectives, after the expiration of the period during which bids for any procurement are permitted to be submitted and if the lowest of such bids was submitted by a firm in an area other than a redevelopment area, negotiate with firms in redevelopment areas with a view to ascertaining whether any such firm will furnish the services or supplies with respect to which bids were theretofore submitted for an amount equal to, or less than, the amount of the lowest bid theretofore submitted for the furnishing of such services or supplies, and if such firm can be found, award the contract for the furnishing of such services or supplies to such firm;

(4) assure that firms in redevelopment areas which are on appropriate bidders' lists will be given the opportunity to submit bids or proposals on all procurements for which they are qualified and on which small business joint determinations have not been made, but whenever the number of firms on a bidders' list is exclusive, there shall be included a representative number of firms from redevelopment areas;

(5) in the event of tie bids on offers on any procurement, award the contract to the firm located in a redevelopment area, other things being equal;

(6) encourage prime contractors to award subcontracts to firms in redevelopment areas; and

(7) cooperate with other departments, agencies, and instrumentalities of the Federal Government in achieving the objectives set out in this subsection.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA ECONOMIC REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Housing and Home Finance Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5(a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Housing and Home Finance Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Housing and Home Finance Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structure suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the

urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Housing and Home Finance Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act.

"(f) Not more than 10 per centum of the funds authorized for loans under section 102 or for capital grants under section 103 shall be available to provide financial assistance under this section."

URBAN PLANNING GRANTS

SEC. 15. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (B)".

SEC. 16. (a) The Secretary of Labor, in consultation with the Secretary of Commerce, shall determine the vocational training or retraining needs of unemployed individuals residing in redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions: *Provided*, That the Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the locality.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary of Commerce shall, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are not entitled to

unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be undergoing vocational training or retraining under section 16 of this Act. Such payments shall be made only during the period the individual is receiving vocational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) The Secretary of Labor and the Secretary of Commerce shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 18. The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

PENALTIES

SEC. 19. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not

more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 20. No loan shall be made by the Secretary under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Secretary occupying a position or engaging in activities with which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

ANNUAL REPORT

SEC. 21. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed, and shall be transmitted to the Congress not later than January 3, of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

APPROPRIATION

SEC. 22. In addition to appropriations hereinbefore specifically authorized, there are further authorized to be appropriated such sums as may be necessary to carry out the provisions and purposes of this Act.

USE OF OTHER FACILITIES

SEC. 23. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

RECORDS AND AUDITS

SEC. 24. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or

undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

The analysis presented by Mr. SCOTT is as follows:

BRIEF ANALYSIS OF AREA REDEVELOPMENT BILL INTRODUCED BY SENATOR HUGH SCOTT

1. Authorizes appropriation of a total of \$200 million for revolving fund loans: \$100 million for industrial areas; \$50 million for rural areas; and \$50 million for public facilities.

2. Provides for maximum Federal loan participation of 50 percent; minimum State or local government participation of 10 percent; and minimum participation from nongovernmental sources of 5 percent.

3. Provides for loans over a period of 30 years.

4. Places program under Department of Commerce which has primary responsibility for business and industrial development. Administrator will have Assistant Secretary status.

5. Authorizes the Secretary of Commerce to determine realistic rates of interest on all loans.

6. Authorizes loans to industrial areas with the following unemployment levels: 6 percent at time of application and 6 percent average throughout qualifying period, and 50 percent above national average for 3 out of 4 preceding years; or, 75 percent above national average for 2 out of 3 preceding years; or, 100 percent above national average for 1 out of 2 preceding years. There are different criteria for rural areas and public facility loans.

7. Contains a special urban renewal section to permit Housing and Home Finance Agency to give financial assistance to urban renewal projects in municipalities, without regard to the predominantly residential requirements.

8. Contains Davis-Bacon Act provision to assure prevailing rate of wage and 40-hour week on contracts under area redevelopment.

9. Provides that vocational training or retraining needs of unemployed shall be made available through existing programs, under direction of Secretary of Health, Education, Welfare, and Secretary of Labor.

10. Authorizes appropriation of \$10 million for retaining subsistence payments to unemployed individuals who have been certified for vocational training or retraining, and who have exhausted unemployment compensation benefits.

11. Authorizes appropriation of \$4 million, annually, for technical assistance to redevelopment areas, for surveys and other evaluation studies.

12. Requires State or its instrumentality to establish local redevelopment plans.

13. Establishes a Cabinet-level Advisory Board and 25-member Public Advisory Committee.

FEDERAL GRANTS FOR SCHOOL CONSTRUCTION AND TEACHERS' SALARIES

Mr. McNAMARA. Mr. President, on behalf of myself and my colleague, the junior Senator from Michigan [Mr. HART], I introduce and send to the desk, for appropriate reference, a bill to provide a program of Federal grants for

school construction and teachers' salaries.

There are few legislative subjects that have commanded as much attention as has Federal assistance for our country's elementary and secondary schools. There appears to be agreement on both sides of the aisle in both Houses of Congress that the Federal Government must place its resources and prestige behind the fight for better schools. The question is, how should this be done?

The bill that I introduce is in all respects a duplicate of S. 8, the measure which passed the Senate in 1960. It provides Federal grants to each State, to be used as each State decided either for construction or salaries or for a combination of both. The average grant across the Nation would be equal to \$20 per school-age child. Each State's per pupil grant would vary, since the money is to be allocated on a formula which relates the State's per capita wealth to the per capita wealth of the Nation.

The same imperative facts which caused the Senate to pass this bill last year are still with us. All too many of our children receive their education in buildings that are overcrowded, under-lighted, poorly ventilated, and lacking in minimum sanitary facilities. The most recent figures of the Department of Health, Education, and Welfare demonstrate that we still have a shortage of more than 130,000 classrooms.

The salaries that are paid to the majority of the Nation's teachers are still inadequate to attract the gifted people we need in the profession.

The latest estimate of the National Education Association shows that the average salary for teachers in the school year 1960-61 will be slightly above \$5,000 a year. The average beginning salary for teachers is clearly far below that amount. We can never expect to recruit the talent we must have in the teaching profession when the beginning salaries do not match even factory wages, not to mention professional salary rates.

The establishment of a Federal school-assistance program has been a goal of mine since I first came to the Senate. I introduced my first general school-aid bill in 1957; and the passage of S. 8 last year was a good omen for the final adoption of such a program.

I offer my bill this year as a continued expression of my deep concern for our schools and as a starting point for what I trust will be the Senate's passage of a Federal education program.

I ask unanimous consent that an analysis of the bill be printed at the conclusion of my remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 8) to authorize Federal financial assistance for school construction and teachers' salaries, introduced by Mr. McNAMARA (for himself and Mr. HART), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The analysis presented by Mr. McNAMARA is as follows:

ANALYSIS OF S. 8

SECTION 1—SHORT TITLE

This section provides that it may be cited as the "School Construction Act of 1961."

SECTION 2—DECLARATION OF PURPOSE

This section declares that it is the purpose of the bill to provide for a 2-year program of Federal grants to the States to assist them in constructing urgently needed public elementary and secondary school facilities in local communities and for teachers' salaries.

SECTION 3—ASSURANCE AGAINST FEDERAL INTERFERENCE IN SCHOOLS

This section provides that in the administration of the act, no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the policy determination, personnel, curriculum, program of instruction, or the administration or operation of any school or school system.

SECTION 4—APPROPRIATIONS AUTHORIZED

This section authorizes annual appropriations of an amount equal to \$20 times a number equal to the school age population of the United States, as defined in sec. 5(b) (4).

SECTION 5—ALLOTMENTS AND PAYMENTS TO STATES

Subsection (a) provides that the funds appropriated in any year would be allotted among the States on the basis of relative school-age population as weighted by relative income per school-age child. These allotments would be subject to the effort for school purposes of the respective State (effort index) after the first year of the program.

The U.S. Commissioner of Education would allot to each State an amount which bears the same ratio to the funds appropriated for the year as the product of (1) the State's school-age population multiplied by (2) the State's allotment ratio, bears to the sum of the corresponding products for all the States.

Subsection (b) provides the definitions of the terms used in subsection (a). A State's allotment ratio would vary inversely with the ratio which exists between the income per child of school age for the State and the income per child of school age for all the States, with the ratio for a State at the national average being 0.50. In no case would an allotment ratio for a State be less than 0.25 or more than 0.75. The allotment ratio for Puerto Rico, Guam, and the Virgin Islands would be set at 0.75.

The income per child of school age for any State would be the total personal income for the State divided by the number of school-age children in the State. The income per child of school age for all the States would be similarly computed. Puerto Rico, Guam, and the Virgin Islands would be excluded from these computations inasmuch as their allotment ratios are specified.

Subsection (c) provides that as soon as possible after appropriated amounts are available for payment the Commissioner shall pay each State which has submitted a proper application the amount allotted to it subject to any adjustments or reallocations made under the effort index provided for in section 6.

SECTION 6—MAINTENANCE OF STATE AND LOCAL SUPPORT FOR SCHOOL FINANCING (EFFORT INDEX)

This section provides that for the second year of the program, the allotment of any State would be reduced by the percentage (if any) that the State's school-effort index is less than the national school-effort index. The total of the reductions would be reapportioned among the States not subject to such reductions by increasing proportionately the sum of the amounts originally apportioned to them for the year.

The State index would be deemed equal to the national index in the case of (1) Puerto Rico, the Virgin Islands, Guam, and the District of Columbia and (2) any State whose expenditures per public school child in average daily attendance were not less than those for all the States.

A State's school-effort index would be determined on the basis of the ratio of school expenditures per public schoolchild in average daily attendance to the State's income per child of school age. The national school-effort index would be based on comparable figures for all the States (excluding Puerto Rico, the Virgin Islands, and the District of Columbia).

The school expenditures are expenditures by the States and subdivisions for elementary and secondary education made from funds derived from State and local sources as determined by the Commissioner of Education for the most recent school year for which satisfactory data from the States are available to him. The number of children in average daily attendance would be similarly determined.

The income per child of school age for any State and for all the States (mentioned above) would be determined on the basis of data for the most recent year for which satisfactory data are available from the Department of Commerce.

SECTION 7—STATE APPLICATIONS

A State education agency which desires to receive an allotment and payment under this program must submit to the Commissioner of Education an application which (a) provides assurance that the State education agency will be the sole administering agency for the funds received; (b) sets forth procedures to insure that funds will be allocated among projects within the States so that priority is given to local education agencies, which, in the judgment of the State education agency, have the greatest need for additional school facilities and which are least able to finance the cost of needed school facilities; (c) provides assurance that every applicant whose application for funds is denied will be given an opportunity for a hearing before the State education agency; (d) sets forth procedures for such fiscal control as may be necessary to assure proper distribution of funds under this act.

When a State agency has exclusive responsibility for the financing of the construction of schools, the Commissioner may modify or make inapplicable the provisions of this section to the extent he deems such action appropriate because of such special governmental and school organization of the State.

SECTION 8—MATCHING BY STATES AND LOCAL COMMUNITIES

Subsection (a) provides that in the second year of the act, a State in order to receive its second year grant, must have increased its own expenditures by an amount not less than the product of (a) the State's share and (b) the expenditures of the State and local communities in the base school year of 1960-61. The subsection further provides that a State's second year grant will be reduced by the amount which the State fails to match the prescribed amount, and provides that such reduction shall be reallocated among the remaining States.

Subsection (b) defines the "State's share" as 5 percent of the remainder of \$1 less than State's allotment ratio (sec. 5) except that in no case shall the ratio be less than 0.33% or more than 0.66%.

Subsection (c) defines "expenditures for elementary and secondary education."

Subsection (d) provides that a State shall be considered to have matched its Federal funds in any year in which its school-age

JANUARY 5 (legislative day, JANUARY 4), 1961

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Assistance Act of
4 1961".

6 SEC. 2. The Congress declares that, even during periods
7 of prosperity for the Nation as a whole, some of our com-
8 munities suffer substantial and persistent unemployment; that

1 such unemployment causes hardship to many individuals and
2 their families and detracts from the national welfare by wast-
3 ing vital human resources and that the Federal Government,
4 in cooperation with the States, should take effective steps to
5 reduce the substantial and persistent unemployment in such
6 areas by the establishment of stable and diversified local
7 economies and the creation of new employment opportunities.

8 AUTHORITY OF SECRETARY OF COMMERCE

9 SEC. 101. (a) The Secretary of Commerce, hereinafter
10 referred to as the Secretary, may designate as an area of
11 substantial and persistent unemployment any area certified
12 as eligible for such designation by the Secretary of Labor.

13 (b) To assist in reducing substantial and persistent
14 unemployment in such areas in the United States so desig-
15 nated the Secretary is authorized—

16 (1) to make grants for technical assistance in
17 accordance with the provisions of section 106 of this
18 Act; and

19 (2) to provide loans in accordance with the pro-
20 visions of section 107 of this Act.

21 (c) The Secretary is also authorized to extend the full
22 cooperation of the Federal Government—

23 (1) through technical advice and consultation and,
24 when necessary, through the conduct of special studies
25 to all areas in the United States to promote the more

1 effective use of local resources, the establishment of
2 new industries based on local resources, and to expand
3 existing industries.

4 (2) through grants made in accordance with the
5 provisions of section 106 of this Act, to towns pre-
6 dominantly dependent on one industry and to rural
7 areas to help them to develop manufacturing, processing,
8 and other activities calculated to diversify and improve
9 their economies.

10 (d) The Secretary shall coordinate his functions under
11 this Act with those of the Secretary of Agriculture and other
12 officials administering Federal programs affecting local
13 economic conditions.

14 (e) The Secretary shall not provide any assistance
15 under this section if it is reasonable to believe that any
16 persons who will benefit, directly or indirectly, from such
17 assistance engage in, urge, seek, or promote any restrictive
18 work practices.

19 (f) As used in this Act—

20 (1) The term “United States” includes the several
21 States, the District of Columbia, and Puerto Rico.

22 (2) The term “State” refers to an individual State,
23 the District of Columbia, or Puerto Rico; and

24 (3) The term “loan” includes loans, immediate

1 participation in loans, and purchase of evidences of
2 indebtedness.

3 (4) The term "restrictive work practices" includes
4 failing or refusing to perform any work in an efficient
5 and economical manner and requirements that unnec-
6 essary work be performed or unnecessary positions of
7 employment created or continued.

8 AUTHORITY OF SECRETARY OF LABOR

9 SEC. 102. (a) The Secretary of Labor shall from time
10 to time, or upon the request of the Secretary, or any ap-
11 propriate State agency or political subdivision, certify areas
12 as eligible for designation as areas of substantial and per-
13 sistent unemployment whenever he finds, on the basis of
14 available labor force data or studies, that—

15 (1) the current rate of unemployment in the area,
16 excluding unemployment due primarily to temporary or
17 seasonal factors, is 6 per centum, and

18 (2) the annual average rate of unemployment in
19 the area has been at least—

20 (A) 6 per centum for the period set out in
21 the applicable provision of subsection (B), and

22 (B) (i) 50 per centum above the national
23 average for three of the preceding four calendar
24 years, or

1 (ii) 75 per centum above the national average
2 for two of the preceding three calendar years, or

3 (iii) 100 per centum above the national aver-
4 age for one of the preceding two calendar years.

5 (b) The Secretary of Labor is authorized, whenever
6 he determines that such studies are needed, to undertake,
7 or to provide assistance to others in the preparation of,
8 studies of the size, characteristics, skills, adaptability, occu-
9 pational potentialities, and related aspects of the labor force
10 of an area necessary to determine whether such area should
11 be certified under this section.

12 (c) When the labor force in an area designated under
13 section 101 is not utilizing its full human resources and
14 skills, the Secretary of Labor is authorized to provide advice
15 and technical assistance in developing and carrying out a
16 program to improve such utilization by the labor force.

17 (d) Whenever the Secretary of Labor finds a need for
18 vocational education services in an area designated under
19 section 101 and when such area has an economic develop-
20 ment program as provided in section 107 (b) (5), he is
21 authorized to assist interested agencies to determine the vo-
22 cational training needs of unemployed individuals residing
23 in the area, and he shall notify the Secretary of Health,
24 Education, and Welfare of the vocational training or re-

1 training requirements of the area. The Secretary of Health,
2 Education, and Welfare, through the Commissioner of Edu-
3 cation, is authorized to assist the State vocational education
4 agency in providing such services in the area. There is
5 hereby authorized to be appropriated not to exceed \$1,500,-
6 000 annually for the purpose of providing, when necessary
7 and appropriate, financial assistance under this subsection.

8 AUTHORITY OF HOUSING AND HOME FINANCE

9 ADMINISTRATOR

10 SEC. 103. Title I of the Housing Act of 1949, as
11 amended, is amended by adding the following new heading
12 and section at the end of title I:

13 “AREAS OF SUBSTANTIAL AND PERSISTENT
14 UNEMPLOYMENT

15 “SEC. 113. (a) When the Secretary of Commerce
16 certifies to the Administrator (1) that any county, city, or
17 other municipality (all hereafter referred to as ‘municipality’
18 in this section) is situated in an area designated by the Sec-
19 retary of Commerce pursuant to the Area Assistance Act of
20 1961 as an area of substantial and persistent unemployment,
21 and (2) that there is a reasonable probability that with
22 assistance provided under the Area Assistance Act of 1961
23 and other undertakings the area will be able to achieve last-
24 ing improvement in its economic development, the Adminis-
25 trator is authorized to extend financial assistance to a local

1 public agency in any such municipality under this title and
2 the provisions of this section.

3 “(b) The Administrator may provide such financial as-
4 sistance under this section without regard to the requirements
5 or limitations of section 110 (c) of this title that the project
6 area clearly be predominantly residential in character or be-
7 come predominantly residential under the urban renewal
8 plan.

9 “(c) Financial assistance under this section may be pro-
10 vided for any project involving a project area including pri-
11 marily industrial or commercial structures suitable for re-
12 habilitation under the urban renewal plan for the area.

13 “(d) Notwithstanding any other provisions of this title,
14 a contract for financial assistance under this section may in-
15 clude provisions permitting the disposal of any land in the
16 project area designated under the urban renewal plan for in-
17 dustrial or commercial uses to any public agency or nonprofit
18 corporation for subsequent disposition as promptly as practi-
19 cable by such public agency or corporation for the redevelop-
20 ment of the land in accordance with the urban renewal plan:
21 *Provided*, That any disposal of such land to such public
22 agency or corporation under this section shall be made at not
23 less than its fair value for uses in accordance with the urban
24 renewal plan: *And provided further*, That the purchaser
25 from or lessees of such public agency or corporation, and

1 their assignees, shall be required to assume the obligations
2 imposed in conformity with the requirements of section
3 105 (b) hereof.

4 “(e) After any contract for financial assistance under
5 this section has been executed with respect to any project,
6 the Administrator may complete such project notwithstand-
7 ing any subsequent determination that the area in which the
8 project is located is no longer an area of substantial and
9 persistent unemployment.

10 “(f) Not more than 10 per centum of the funds author-
11 ized for capital grants under section 103 after June 30, 1960,
12 shall be available to provide financial assistance under this
13 section.”

14 SEC. 104. (a) The first sentence of section 202 (c) of
15 title II of the Housing Amendments of 1955 is amended
16 to read as follows:

17 “(c) In processing applications for financial assistance
18 under this section, the Administrator shall give (1) priority
19 to applications of counties, cities, and other municipalities
20 and political subdivisions for financing needed public facil-
21 ities in areas determined to be areas of substantial and per-
22 sistent unemployment under the Area Assistance Act of
23 1961: *Provided*, That the Secretary of Commerce certifies
24 there is reasonable probability that with assistance made
25 available under the Area Assistance Act of 1961 and other

1 undertakings such areas will be able to achieve lasting im-
2 provement in their economic development; and (2) a first
3 priority above all others to applications for financing needed
4 public facilities in connection with, and that will directly
5 serve, a project eligible under section 107 of the Area
6 Assistance Act of 1961.”

7 (b) The first sentence of section 203 (a) of title II of
8 the Housing Amendments of 1955 is amended to read as
9 follows:

10 “(a) In order to finance activities under this title, the
11 Administrator is authorized and empowered to issue from
12 time to time to the Secretary of the Treasury notes and
13 other obligations in an amount outstanding at any one time
14 not to exceed \$100,000,000: *Provided*, That such limit shall
15 be increased by such amounts, not exceeding an aggregate of
16 \$100,000,000, as may be specified from time to time in
17 appropriation Acts.”

18 URBAN PLANNING GRANTS

19 SEC. 105. Paragraph (3) of section 701 (a) of the
20 Housing Act of 1954 is amended by inserting after “Cities,
21 other municipalities, and counties which” the following:
22 “(A) are situated in areas designated as areas of substantial
23 and persistent unemployment under section 101 (a) of the
24 Area Assistance Act of 1961, or (B) ”.

1 GRANTS FOR TECHNICAL ASSISTANCE

2 SEC. 106. The grants for technical assistance which the
3 Secretary is authorized to make by sections 101 (b) (1) and
4 101 (c) (2), may include grants for studies to determine the
5 needs of the areas designated under section 101 (a) for the
6 development of their economic growth potential. These
7 grants may be made without regard to section 3648 of the
8 Revised Statutes, as amended (31 U.S.C. 529). Appro-
9 priations are hereby authorized for these grants in an amount
10 not to exceed \$3,500,000 annually. To the extent he may
11 deem reasonable, taking into account the financial ability
12 of the grantee and other relevant considerations, the Secre-
13 tary shall obtain from the grantee contributions to the costs
14 of projects undertaken under section 101 (c) (2).

15 LOANS

16 SEC. 107. (a) In carrying out section 101 (b) (2) of
17 this Act the Secretary is authorized to purchase evidences of
18 indebtedness and to make or participate in loans to aid in
19 financing any project within an area of substantial and per-
20 sistent unemployment for the purchase or development of
21 land and facilities for industrial usage, and for the construc-
22 tion, rehabilitation, alteration, conversion, or enlargement of
23 buildings for industrial use. Such financial assistance shall
24 not be used for working capital, for the purchase of machin-

1 ery or equipment, or to assist establishments relocating from
2 one area to another.

3 (b) Financial assistance under this section shall be on
4 such terms and conditions as the Secretary determines, sub-
5 ject, however, to the following restrictions and limitations:

6 (1) The total amount of loans and loan participa-
7 tions (including purchased evidences of indebtedness)
8 outstanding at any one time under this section shall not
9 exceed \$75,000,000;

10 (2) Such assistance shall be extended only to ap-
11 plicants, whether private or public, approved by the
12 State (or any agency or instrumentality thereof con-
13 cerned with problems of economic development) in
14 which the project to be financed shall be located;

15 (3) No loan, including renewals or extensions
16 thereof, made hereunder may have a term exceeding
17 thirty years and no evidences of indebtedness maturing
18 more than thirty years from date of purchase may be
19 purchased hereunder: *Provided*, That the foregoing re-
20 strictions on maturities shall not apply to securities or
21 obligations received by the Secretary as a claimant in
22 bankruptcy or equitable reorganization or as a creditor
23 in other proceedings attendant upon insolvency of the
24 obligor, or to extensions or renewals for additional

1 periods not to exceed a total of ten years, if such ex-
2 tensions or renewals will aid in the orderly liquidation of
3 such loans or of such evidence of indebtedness;

4 (4) Each loan shall bear interest at a rate one-
5 half of 1 per centum higher than the rate currently
6 payable under section 108 (e) on advances from the
7 Treasury.

8 (5) (A) Not less than 15 per centum of the aggre-
9 gate cost to the applicant (excluding all other Federal
10 aid in connection with the undertaking) of acquiring or
11 developing land and facilities, and of constructing, alter-
12 ing, converting, rehabilitating, or enlarging the building
13 or buildings of the particular project shall be supplied
14 by the State or any agency, instrumentality, or political
15 subdivision thereof, or by a community or area organiza-
16 tion, as equity capital or as a loan repayable only after
17 the financial assistance hereunder has been repaid in full
18 according to its terms and any security for any such loan
19 shall be subordinate and inferior to the lien or liens secur-
20 ing the financial assistance hereunder;

21 (B) Not more than 35 per centum of such aggre-
22 gate cost to the applicant may be loaned by the Secre-
23 tary under the terms of this Act and security for such a
24 loan may be subordinate and inferior to the lien or liens

1 which secure any loan or financing other than funds re-
2 quired by section 107 (b) (5) (A) .

3 (C) No loans shall be made hereunder unless other
4 funds are available in an amount which, together with
5 assistance provided hereunder and funds required by sec-
6 tion 107 (b) (5) (A) , shall be sufficient to pay such ag-
7 gregate cost; and

8 (6) The Secretary first shall find that:

9 (A) It is reasonable to believe that the proj-
10 ect for which financial assistance is sought will
11 provide more than a temporary alleviation of unem-
12 ployment or underemployment in the area of sub-
13 stantial and persistent unemployment in which it is,
14 or will be, located;

15 (B) The financial assistance applied for is
16 not otherwise available from private lenders or
17 other Federal agencies on reasonable terms;

18 (C) A participation loan cannot be arranged;

19 (D) There is a reasonable assurance of re-
20 payment;

21 (E) The project for which financial assistance
22 is sought is consistent with an overall program ap-
23 proved by the Secretary for the economic develop-
24 ment of the area and a finding to that effect has

1 been made by the State, or any agency, instrumen-
2 tality, or local political subdivision thereof.

3 (7) That nothing in this Act shall authorize finan-
4 cial assistance for any project prohibited by laws of the
5 State or local political subdivision in which the project
6 would be located.

7 AREA ASSISTANCE FUND

8 SEC. 108. (a) There is hereby authorized to be estab-
9 lished in the Treasury of the United States a revolving fund
10 to be known as the Area Assistance Fund (hereinafter re-
11 ferred to as the "fund"), which shall be available to the
12 Secretary for the payment of all obligations and expenses in
13 connection with the loans authorized under section 101
14 (b) (2).

15 (b) When requested by the Secretary, advances shall
16 be made to the fund from the appropriations made therefor.
17 There is hereby authorized to be appropriated for the pur-
18 pose of making advances to the fund, without fiscal year
19 limitation, an amount not to exceed \$75,000,000.

20 (c) Receipts arising from the loan program shall be
21 credited to the fund.

22 (d) Any moneys in the fund determined by the Sec-
23 retary to be in excess of current needs shall be credited to

1 the appropriation from which advanced to be held for future
2 advances to the fund.

3 (e) There shall be paid into miscellaneous receipts of
4 the Treasury at the close of each fiscal year interest on
5 advances to the fund at rates which shall be determined at
6 the time the advances or commitments for advances are
7 made, by the Secretary of the Treasury who shall take into
8 consideration the current average market yields to maturity
9 of outstanding marketable obligations of the United States
10 having maturities comparable to loans made by the Secre-
11 tary from such fund.

12 (f) Contributions shall be made from the fund to the
13 civil service retirement and disability fund, in amounts de-
14 termined annually by the Civil Service Commission, for the
15 Government's share of the cost of the civil service retire-
16 ment system applicable to employees (and their bene-
17 ficiaries) performing activities authorized under section
18 101 (b) (2). Contributions shall also be made to the em-
19 ployee's compensation fund, in amounts determined annually
20 by the Secretary of Labor, for benefit payments made from
21 such fund on account of employees performing activities au-
22 thorized under section 101 (b) (2). Such determinations
23 shall include the fair portion of the cost of the administra-

1 tion of the respective funds, which shall be paid by the
2 Secretary into the Treasury as miscellaneous receipts.

3 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

4 SEC. 109. Whenever the Secretary shall determine that
5 employment conditions within any area previously desig-
6 nated by him as an area of substantial and persistent un-
7 employment have changed to such an extent that such area
8 is no longer eligible for such designation under section
9 101 (a) of this Act, no further assistance shall be granted
10 under this Act, with respect to such area and, for the pur-
11 poses of this Act, such area shall not be considered an area
12 of substantial and persistent unemployment: *Provided,*
13 That nothing contained herein shall—

14 (a) prevent any such area from again being desig-
15 nated an area of substantial and persistent unemploy-
16 ment under section 101 (a) of this Act if the Secretary
17 determines it to be eligible under such section, or

18 (b) affect the validity of any contracts or under-
19 takings with respect to such area which were entered
20 into pursuant to this Act prior to a determination by
21 the Secretary that such area no longer qualifies as an
22 area of substantial and persistent unemployment. The
23 Secretary shall keep the departments and agencies of

1 the Federal Government, and interested State or local
2 agencies, advised at all times of any changes made here-
3 under with respect to the designation of any area.

4 BUDGET AND AUDIT

5 SEC. 110. In the performance of and with respect to
6 the functions, powers, and duties, vested in him by section
7 107 of this Act, the Secretary shall—

8 (a) prepare annually and submit a budget pro-
9 gram as provided for wholly owned Government corpo-
10 rations by the Government Corporation Control Act, as
11 amended; and

12 (b) maintain a set of accounts which shall be
13 audited annually by the General Accounting Office in
14 accordance with the principles and procedures applica-
15 ble to commercial transactions as provided by the Gov-
16 ernment Corporation Control Act, as amended, and no
17 other audit shall be required: *Provided*, That the Secre-
18 tary with respect to the program of financial assistance
19 authorized by section 101 (b) (2) shall determine the
20 character of and the necessity for obligations and ex-
21 penditures and the manner in which they shall be
22 incurred, allowed, and paid, subject to provisions of law
23 specifically applicable to Government corporations.

AREA ASSISTANCE ADMINISTRATOR

SEC. 111. There shall be appointed by the President by and with the advice and consent of the Senate an Area Assistance Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

POWERS

SEC. 112. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary or his delegate may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those

1 required to be made by the Secretary of Labor pursuant
2 to section 102, hereof, shall be final and shall not be
3 subject to review in any court by mandamus or other-
4 wise: *Provided*, That with respect to the validity, ef-
5 fect, and enforcement of section 101 (b) (2) hereof or
6 security taken thereunder, statutes, rules, and regula-
7 tions pertaining generally to suits by and against the
8 United States shall be applicable;

9 (d) under regulations prescribed by him, assign or
10 sell with or without notice at public or private sale, or
11 otherwise dispose of for cash or credit, in his discretion
12 and upon such terms and conditions and for such con-
13 sideration as he shall determine to be reasonable, any
14 contract, claim, personal property, security, or evidence
15 of debt assigned to or held by him in connection with
16 the payment of loans made under this title, and to
17 collect or compromise all obligations assigned to or held
18 by him and all legal or equitable rights accruing to him
19 in connection with the payment of such loans until
20 such time as such obligation may be referred to the
21 Attorney General for suit or collection;

22 (e) deal with, complete, renovate, improve, mod-
23 ernize, insure, rent, or sell upon such terms and condi-
24 tions and for such consideration as he shall determine
25 to be reasonable, any real property conveyed to or other-

1 wise acquired by him in connection with the payment
2 of loans granted under this title;

3 (f) pursue to final collection by way of compromise
4 or other administrative action prior to reference to the
5 Attorney General, all claims against third parties as-
6 signed to him in connection with loans made by him.
7 Section 3709 of the Revised Statutes, as amended (41
8 U.S.C. 5), shall not be construed to apply to any con-
9 tract of hazard insurance or to any purchase or contract
10 for services or supplies on account of property obtained
11 by him as a result of loans made under this title if the
12 premium therefor or the amount thereof does not exceed
13 \$1,000. The power to convey and to execute in the
14 name of the Secretary deeds of conveyance, deeds of
15 release, assignments and satisfactions of mortgages, and
16 any other written instrument relating to real property
17 or any interest therein acquired by the Secretary pur-
18 suant to the provisions of this title may be exercised
19 by the Secretary or by any officer or agent appointed by
20 him for the purpose;

21 (g) acquire, in any lawful manner, any property
22 (real, personal, or mixed, tangible or intangible),
23 whenever deemed necessary or appropriate to the con-
24 duct of the activities authorized in section 101 (b) (2)
25 of this Act; and

(h) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract if an attorney or attorneys can be economically employed full time to render such service.

ADVISORY BOARD

SEC. 113. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the "Board", which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite officials of other agencies of the executive branch interested in the functions herein authorized to participate in the activities of the Board. Each member of the Board may

1 designate an officer of his agency to act for him as a member
2 of the Board with respect to any matter there considered.

3 DEPOSITARIES AND AGENTS

4 SEC. 114. The Federal Reserve banks are authorized
5 and directed to act as custodians and fiscal agents for the
6 Secretary in the general performance of the powers con-
7 ferred by this title. Each Federal Reserve bank shall be
8 entitled to be reimbursed for all expenses incurred as such
9 fiscal agent. Any banks insured by the Federal Deposit
10 Insurance Corporation, when designated by the Secretary of
11 the Treasury, may act as custodians and depositaries for
12 the Secretary.

13 PENALTIES

14 SEC. 115. With respect to financial assistance authorized
15 by this Act:

16 (a) Whoever makes any statement knowing it to
17 be false, or whoever willfully overvalues any security,
18 for the purpose of obtaining for himself or for any appli-
19 cant any loan, or extension thereof by renewal, defer-
20 ment of action, or otherwise, or the acceptance, release,
21 or substitution of security therefor, or for the purpose
22 of influencing in any way the action of the Secretary,
23 or for the purpose of obtaining money, property, or
24 anything of value, under this Act, shall be punished by

1 a fine of not more than \$10,000 or by imprisonment
2 for not more than five years, or both.

3 (b) Whoever, being connected in any capacity
4 with the Secretary—

5 (1) embezzles, abstracts, purloins, or willfully
6 misapplies any moneys, funds, securities, or other
7 things of value, whether belonging to him or
8 pledged or otherwise entrusted to him, or

9 (2) with intent to defraud the Secretary or
10 any other body politic or corporate, or any individ-
11 ual, or to deceive any officer, auditor, or examiner
12 of the Secretary makes any false entry in any book,
13 report, or statement of or to the Secretary, or, with-
14 out being duly authorized, draws any order or issues,
15 puts forth, or assigns any note, debenture, bond, or
16 other obligation, or draft bill of exchange, mortgage
17 judgment or decree thereof, or

18 (3) with intent to defraud participates, shares,
19 receives directly or indirectly any money, profit,
20 property, or benefit through any transaction, loan,
21 commission, contract, or any other act of the Secre-
22 tary, or

23 (4) gives any unauthorized information con-
24 cerning any future action or plan of the Secretary

1 which might affect the value of securities, or, having
2 such knowledge, invests or speculates, directly or
3 indirectly, in the securities or property of any com-
4 pany or corporation receiving loans or other assist-
5 ance from the Secretary shall be punished by a fine
6 of not more than \$10,000 or by imprisonment for
7 not more than five years, or both.

8 (c) As used in this section, the term "Secretary"
9 shall mean, with respect to the lending activities of the
10 Housing and Home Finance Administrator authorized
11 under this Act, the Housing and Home Finance
12 Administrator.

13 USE OF OTHER FACILITIES

14 SEC. 116. (a) To avoid duplication of activities and
15 minimize expense in carrying out the provisions of this Act,
16 the Secretary shall to the extent practicable and with their
17 consent use the available services and facilities of other agen-
18 cies and instrumentalities of the Federal Government on a
19 reimbursable basis.

20 (b) Departments and agencies of the Federal Govern-
21 ment shall exercise their powers, duties, and functions in such
22 manner as will assist in carrying out the objectives of this
23 Act. This Act shall be supplemental to any existing author-
24 ity and nothing herein shall be deemed to be restrictive of

1 any existing powers, duties, and functions of any other de-
2 partment or agency of the Federal Government.

3 CONSULTANTS

4 SEC. 117. The Secretary is authorized to obtain services
5 as authorized by section 15 of the Act of August 2, 1946
6 (5 U.S.C. 55 (a)), at rates not to exceed \$75 per diem for
7 individuals.

8 ANNUAL REPORT

9 SEC. 118. As soon as practicable in each year, but in
10 no case later than the third day of the following January
11 the Secretary shall make a comprehensive annual report of
12 his operations under this Act for the fiscal year ending on
13 the preceding June 30, to the President for transmission to
14 the Congress.

15 AUTHORIZATION FOR APPROPRIATIONS

16 SEC. 119. In addition to appropriations specifically au-
17 thorized by sections 106 and 108, appropriations are further
18 authorized for the carrying out of other provisions and pur-
19 poses of this Act.

A BILL

To assist areas to develop and maintain stable and diversified economies and create new employment opportunities, and for other purposes.

By Mr. DIRKSEN, Mr. BUSH, Mr. CARLSON, Mr. WILEY, Mr. BEALL, Mr. HICKENLOOPER, Mr. SALTONSTALL, Mr. MILLER, Mr. FONG, Mr. MORTON, Mr. SCHNEPP, and Mr. YOUNG of North Dakota.

JANUARY 5 (legislative day, JANUARY 4), 1961
Read twice and referred to the Committee on
Banking and Currency

population is less than its school-age population in the base school year 1960-61.

Subsection (e) provides that if a State should fail to receive funds under this act in any given year, for the purposes of the matching provisions, the State will be considered to have received Federal funds under this act in that year.

SECTION 9—PERIOD FOR USE OF FUNDS AND CERTIFICATION BY STATES

Subsection (a) provides that when funds are received under this act by the State they shall be deemed to be State funds to be distributed and expended not later than the end of the following fiscal year.

Subsection (b) provides that prior to the termination of such following fiscal year each State education agency receiving funds under this program is to (1) certify to the Commissioner the amount of such funds received which have been so distributed and expended, and (2) pay to him any amount of these funds which have not been so expended.

Subsection (c) provides that any funds paid back to the Commissioner shall be reallocated during the next fiscal year.

SECTION 10—LABOR STANDARDS

A State education agency must give adequate assurance to the Commissioner that all laborers and mechanics employed by contractors or subcontractors who work on school construction financed under this act will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Davis-Bacon Act.

In respect to labor standards for the performance of work as specified above the Secretary of Labor shall act in accord with Reorganization Plan No. 14 of 1950 and section 2 of the act of June 13, 1954.

SECTION 11—DEFINITIONS

This section defines the terms "Commissioner," "State," "State education agency," "local education agency," "school facilities," "construct," "constructing," and "construction."

The term "State" includes Puerto Rico, Guam, the Virgin Islands, and the District of Columbia, unless otherwise designated in the act.

The term "school facilities" is defined so that Federal assistance would be used to provide classrooms and related facilities for education in a State which is provided by a school district for elementary or secondary education at public expense and under public supervision and direction. This includes furniture, equipment, machinery, utilities, and instructional materials (other than textbooks). The term "instructional materials" would include, among other things, audiovisual equipment, films, film strips, and reference works for school libraries. It also includes interests in land including site, grading, and improvement. It does not include, however, athletic stadiums, or structures, or facilities intended primarily for events for which admission is to be charged.

The terms "construct," "constructing," and "construction" include the preparation of drawings and specifications for school facilities; erecting; building; acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities.

The term "teacher" means any member of the instructional staff of a public elementary or secondary school as defined by the State education agency of each State.

The term "teachers' salaries" means the monetary compensation paid to teachers for services rendered in connection with their employment.

AID TO DISTRESSED AREAS

Mr. DIRKSEN. Mr. President, I introduce for appropriate reference a bill to aid distressed areas.

In the 2d session of the 86th Congress, on May 18, 1960, 5 days after the President vetoed Senate 722, I and five of my Republican colleagues introduced Senate bill 3569, which provided for an outlay of \$180 million, including \$100 million, in public facility loans. Senate bill 722 had called for an outlay, in one form or another, of about \$389 million. Senate bill 722 passed the Senate by a vote of 49 to 46 in 1959. That means that it secured a majority of only 3 votes out of a total of 95 votes. In amended form it passed the House on May 4, 1960, by a vote of 202 to 184. This was a majority of only 18 votes out of a total of 386 votes. On May 6, 1960, the Senate voted 45 to 32 to accept the House amendments. On May 13 this measure was vetoed. The veto message languished for 6 weeks and then was called up for consideration. The veto was sustained on June 24 in the Senate by a vote of 45 to 39.

Two months later, on August 18, 1960, a 1-day hearing was held by the Subcommittee on Production and Stabilization of the Senate Banking and Currency Committee. The Subcommittee consists of nine members. The hearing was spirited, but fruitless. It recessed at 4:30 p.m. on August 18.

Senate bill 3569, which I had introduced, was before the subcommittee at that time, and with it there was the appeal of the President in his veto message for legislation in this field. I deem it of such importance that I shall include the entire veto message in this statement.

The key expression in the veto message is found in paragraph VI:

My profound hope is that sound, new legislation will be promptly enacted.

But a majority of the subcommittee thought otherwise, and hence the Presidential entreaty was ignored. I believe it was fair and reasonable, therefore, to assume that the Democrat majority actually preferred an issue to some accomplishment in this field. But the problem and the challenge which the administration has recognized for more than 5 years is like the little man on the stair, and will not go away.

Certain it is, judging from campaign and possible campaign statements, that this matter is scheduled for early congressional action. To this end we have reconsidered Senate bill 3569 and the other legislative proposals dealing with this problem and we now introduce a bill which we regard as a sound, fair, and effective approach.

This bill embodies the basic provisions of S. 3569. It provides for an outlay of \$180 million, but in this bill all of this outlay will go for the aid of distressed areas and assistance in developing the economic growth potential of this country.

This bill is based on the philosophy that the Federal Government, with all

of its many complexities, should not step willy-nilly into our economy, but should deal only in areas where people want to help themselves but have problems too large for solution on the local level without assistance.

This bill does not hold out illusory promises of aid for depressed areas which have been bereft of their economic well-being by the circumstances of time and change. These areas would get no aid under those proposals which require redevelopment on the spot, because of the requirement that before any aid can be given there must be reasonable assurance that the aid can be paid back. What if the coal is gone and the whole population cannot be supported by new industry? Are those areas to be left without aid because the aid must be on the spot and must pay out? Any assistance program must be made broader and more flexible if it is to solve the problem. The solution must not be restricted to a particular area. To do so may be to create not permanent improvement of opportunity, but a permanent dole.

On November 28 there appeared in Time magazine a well-rounded article on this subject with emphasis on this thesis:

Government aid, if it is forthcoming, will not work without the will of a city to revitalize itself.

I believe this article merits inclusion in this statement.

The bill contains another significant feature. Because it is a bill to authorize the appropriations of Federal funds to provide greater employment opportunities, it also requires that such funds shall not be used where restrictive work practices exist. Those who seek Federal assistance should be ready to permit everyone to do a fair day's work and those who seek to provide Federal assistance should stand ready to require that everyone does a fair day's work.

It is to be assumed that this whole problem of distressed area assistance will have further consideration by the committee, and I trust the solution embodied in the bill which I introduced for myself and my colleagues will command favorable consideration by the committee.

The testimony of the Secretary of Commerce, Frederick Mueller, on August 18, is so much to the point that it deserves a place in these remarks in order to round out the whole story, and I request consent to have this testimony, the Time article, and the President's veto message made a part of my remarks.

Mr. President, this is the whole story, and this can then become, I think, for every Member of the Senate, if he so desires, a reference piece that he can clip and put in his notebook, because I was very careful and made sure that the dates of the rollcalls and the vote on the veto measure were quite correct.

I ask that the bill be permitted to lie on the desk for the next 2 days for such Members of the Senate as may want to cosponsor the bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill

and statements will be printed in the RECORD; and the bill will lie on the desk as requested.

The bill (S. 9) to assist areas to develop and maintain stable and diversified economies and create new employment opportunities, and for other purposes, introduced by Mr. DIRKSEN (for himself and other Senators) was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Assistance Act of 1961."

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that, even during periods of prosperity for the Nation as a whole, some of our communities suffer substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources and that the Federal Government, in cooperation with the States, should take effective steps to reduce the substantial and persistent unemployment in such areas by the establishment of stable and diversified local economies and the creation of new employment opportunities.

AUTHORITY OF SECRETARY OF COMMERCE

SEC. 101. (a) The Secretary of Commerce, hereinafter referred to as the Secretary, may designate as an area of substantial and persistent unemployment any area certified as eligible for such designation by the Secretary of Labor.

(b) To assist in reducing substantial and persistent unemployment in such areas in the United States so designated the Secretary is authorized—

(1) to make grants for technical assistance in accordance with the provisions of section 106 of this Act; and

(2) to provide loans in accordance with the provisions of section 107 of this Act.

(c) The Secretary is also authorized to extend the full cooperation of the Federal Government—

(1) through technical advice and consultation and, when necessary, through the conduct of special studies to all areas in the United States to promote the more effective use of local resources, the establishment of new industries based on local resources, and to expand existing industries.

(2) through grants made in accordance with the provisions of section 106 of this Act, to towns predominantly dependent on one industry and to rural areas to help them to develop manufacturing, processing, and other activities calculated to diversify and improve their economies.

(d) The Secretary shall coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

(e) The Secretary shall not provide any assistance under this section if it is reasonable to believe that any persons who will benefit, directly or indirectly, from such assistance engage in, urge, seek or promote any restrictive work practices.

(f) As used in this Act—

(1) The term "United States" includes the several States, the District of Columbia and Puerto Rico.

(2) The term "State" refers to an individual State, the District of Columbia or Puerto Rico; and

(3) The term "loan" includes loans, immediate participation in loans, and purchase of evidences of indebtedness.

(4) The term "restrictive work practices" includes failing or refusing to perform any

work in an efficient and economical manner, and requirements that unnecessary work be performed or unnecessary positions of employment created or continued.

AUTHORITY OF SECRETARY OF LABOR

SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, or any appropriate State agency or political subdivision, certify areas as eligible for designation as areas of substantial and persistent unemployment whenever he finds, on the basis of available labor force data or studies, that—

(1) the current rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors, is 6 per centum and

(2) the annual average rate of unemployment in the area has been at least—

(A) 6 per centum for the period set out in the applicable provision of subsection (B) and

(B) (i) 50 per centum above the national average for three of the preceding four calendar years, or

(ii) 75 per centum above the national average of two of the preceding three calendar years, or

(iii) 100 per centum above the national average for one of the preceding two calendar years.

(b) The Secretary of Labor is authorized, whenever he determines that such studies are needed, to undertake, or to provide assistance to others in the preparation of, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of an area necessary to determine whether such area should be certified under this section.

(c) When the labor force in an area designated under section 101 is not utilizing its full human resources and skills, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve such utilization by the labor force.

(d) Whenever the Secretary of Labor finds a need for vocational education services in an area designated under section 101 and when such area has an economic development program as provided in section 107(b)

(5), he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to assist the State vocational education agency in providing such services in the area. There is hereby authorized to be appropriated not to exceed \$1,500,000 annually for the purpose of providing, when necessary and appropriate, financial assistance under this subsection.

AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

SEC. 103. Title I of the Housing Act of 1949, as amended, is amended by adding the following new heading and section at the end of title I:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT"

"SEC. 113. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (all hereafter referred to as 'municipality' in this section) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1961 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1961 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is

authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) of this title that the project area clearly be predominantly residential in character or become predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposal of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposal of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b) hereof.

"(e) After any contract for financial assistance under this section has been executed with respect to any project, the Administrator may complete such project notwithstanding any subsequent determination that the area in which the project is located is no longer an area of substantial and persistent unemployment.

"(f) Not more than 10 per centum of the funds authorized for capital grants under section 103 after June 30, 1960, shall be available to provide financial assistance under this section."

SEC. 104. (a) The first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In processing applications for financial assistance under this section, the Administrator shall give (1) priority to applications of counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determined to be areas of substantial and persistent unemployment under the Area Assistance Act of 1961: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Assistance Act of 1961 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and

(2) a first priority above all others to applications for financing needed public facilities in connection with, and that will directly serve, a project eligible under section 107 of the Area Assistance Act of 1961."

(b) The first sentence of section 203(a) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(a) In order to finance activities under this title, the Administrator is authorized and empowered to issue from time to time to the Secretary of the Treasury notes and other obligations in an amount outstanding at any one time not to exceed \$100,000,000, provided that such limit shall be increased by such amounts, not exceeding an aggregate of \$100,000,000, as may be specified from time to time in appropriation Acts."

URBAN PLANNING GRANTS

SEC. 105. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by in-

serting after "Cities, other municipalities, and counties which" the following: "(A) are situated in areas designated as areas of substantial and persistent unemployment under section 101(a) of the Area Assistance Act of 1961, or (B)."

GRANTS FOR TECHNICAL ASSISTANCE

SEC. 106. The grants for technical assistance which the Secretary is authorized to make by sections 101(b)(1) and 101(c)(2), may include grants for studies to determine the needs of the areas designated under Section 101(a) for the development of their economic growth potential. These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529). Appropriations are hereby authorized for these grants in an amount not to exceed \$3,500,000 annually. To the extent he may deem reasonable, taking into account the financial ability of the grantee and other relevant considerations, the Secretary shall obtain from the grantee contributions to the costs of projects undertaken under section 101(c)(2).

LOANS

SEC. 107. (a) In carrying out section 101(b)(2) of this Act the Secretary is authorized to purchase evidences of indebtedness and to make or participate in loans to aid in financing any project within an area of substantial and persistent unemployment for the purchase or development of land and facilities for industrial usage, and for the construction, rehabilitation, alteration, conversion, or enlargement of buildings for industrial use. Such financial assistance shall not be used for working capital, for the purchase of machinery or equipment, or to assist establishments relocating from one area to another.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section shall not exceed \$75,000,000;

(2) Such assistance shall be extended only to applicants, whether private or public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

(3) No loan, including renewals or extensions thereof, made hereunder may have a term exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor or to extensions or renewals for additional periods not to exceed a total of ten years, if such extensions or renewals will aid in the orderly liquidation of such loans or of such evidence of indebtedness;

(4) Each loan shall bear interest at a rate one-half of 1 per centum higher than the rate currently payable under section 108(e) on advances from the Treasury.

(5) (A) Not less than 15 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial as-

sistance hereunder has been repaid in full according to its terms and any security for any such loan shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder;

(B) Not more than 35 per centum of such aggregate cost to the applicant may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107(b)(5) (A).

(C) No loans shall be made hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds required by section 107(b)(5) (A), shall be sufficient to pay such aggregate cost; and

(6) The Secretary first shall find that—

(A) It is reasonable to believe that the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the area of substantial and persistent unemployment in which it is, or will be, located;

(B) The financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(C) A participation loan cannot be arranged;

(D) There is a reasonable assurance of repayment;

(E) The project for which financial assistance is sought is consistent with an overall program approved by the Secretary for the economic development of the area and a finding to that effect has been made by the State, or any agency, instrumentality, or local political subdivision thereof.

(7) That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

AREA ASSISTANCE FUND

SEC. 108. (a) There is hereby authorized to be established in the Treasury of the United States a revolving fund to be known as the Area Assistance Fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the payment of all obligations and expenses in connection with the loans authorized under section 101(b)(2).

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not to exceed \$75,000,000.

(c) Receipts arising from the loan program shall be credited to the fund.

(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at rates which shall be determined at the time the advances or commitments for advances are made, by the Secretary of the Treasury who shall take into consideration the current average market yields to maturity of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary from such fund.

(f) Contributions shall be made from the fund to the civil service retirement and disability fund, in amounts determined annually by the Civil Service Commission, for the Government's share of the cost of the civil service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section

101(b)(2). Contributions shall also be made to the employee's compensation fund, in amounts determined annually by the Secretary of Labor, for benefit payments made from such fund on account of employees performing activities authorized under section 101(b)(2). Such determinations shall include the fair portion of the cost of the administration of the respective funds, which shall be paid by the Secretary into the Treasury as miscellaneous receipts.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 109. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as an area of substantial and persistent unemployment have changed to such an extent that such area is no longer eligible for such designation under section 101(a) of this Act, no further assistance shall be granted under this Act, with respect to such area and, for the purposes of this Act, such area shall not be considered an area of substantial and persistent unemployment: *Provided*, That nothing contained herein shall—

(a) prevent any such area from again being designated an area of substantial and persistent unemployment under section 101(a) of this Act if the Secretary determines it to be eligible under such section, or

(b) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this act prior to a determination by the Secretary that such area no longer qualifies as an area of substantial and persistent unemployment. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

BUDGET AND AUDIT

SEC. 110. In the performance of and with respect to the functions, powers, and duties, vested in him by section 107 of this Act, the Secretary shall—

(a) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(b) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the Secretary with respect to the program of financial assistance authorized by section 101(b)(2) shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

AREA ASSISTANCE ADMINISTRATOR

SEC. 111. There shall be appointed by the President by and with the advice and consent of the Senate an Area Assistance Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

POWERS

SEC. 112. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary or his delegate may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102, hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101(b)(2) hereof or security taken thereunder, statutes, rules, and regulations pertaining generally to suits by and against the United States shall be applicable;

(d) under regulations prescribed by him, assign or sell with or without notice at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any contract, claim, personal property, security or evidence of debt assigned to or held by him in connection with the payment of loans made under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(e) deal with, complete, renovate, improve, modernize, insure, rent, or sell upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(f) pursue to final collection by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by him as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Secretary pursuant to the provisions of this title may be exercised by the Secretary or by any officer or agent appointed by him for the purpose;

(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 101(b)(2) of this Act; and

(h) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract if an attorney or attorneys can be economically employed full time to render such service.

ADVISORY BOARD

SEC. 113. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the "Board", which shall consist of the following members, all ex officio:

The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite officials of other agencies of the executive branch interested in the functions herein authorized to participate in the activities of the Board. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

DEPOSITARIES AND AGENTS

SEC. 114. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agent. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

PENALTIES

SEC. 115. With respect to financial assistance authorized by this Act:

(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary—

(1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or

(2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft bill of exchange, mortgage, judgment, or decree thereof, or

(3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or

(4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) As used in this section, the term "Secretary" shall mean, with respect to the lending activities of the Housing and Home Finance Administrator authorized under this Act, the Housing and Home Finance Administrator.

USE OF OTHER FACILITIES

SEC. 116. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall to the extent practicable and with their consent use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

CONSULTANTS

SEC. 117. The Secretary is authorized to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55(a)), at rates not to exceed \$75 per diem for individuals.

ANNUAL REPORT

SEC. 118. As soon as practicable in each year, but in no case later than the third day of the following January the Secretary shall make a comprehensive annual report of his operations under this Act for the fiscal year ending on the preceding June 30, to the President for transmission to the Congress.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 119: In addition to appropriations specifically authorized by sections 106 and 108, appropriations are further authorized for the carrying out of other provisions and purposes of this Act.

The matters presented by Mr. DIRKSEN are as follows:

VETO MESSAGE—AREA REDEVELOPMENT ACT, S. 722, 86TH CONGRESS, 2D SESSION

To the Senate of the United States:

I return herewith, without my approval, S. 722, the area redevelopment bill.

For 5 consecutive years I have urged the Congress to enact sound area assistance legislation. On repeated occasions I have clearly outlined standards for the kind of program that is needed and that I would gladly approve.

In 1958 I vetoed a bill because it departed greatly from those standards. In 1959, despite my renewed urging, no area assistance bill was passed by the Congress.

Now in 1960, another election year, a new bill is before me that contains certain features which I find even more objectionable than those I found unacceptable in the 1958 bill.

The people of the relatively few communities of chronic unemployment—who want to share in the general prosperity—are, after 5 years, properly becoming increasingly impatient and are rightfully desirous of constructive action. The need is for truly sound and helpful legislation on which the Congress and the Executive can agree. There is still time and I willingly pledge once again my wholehearted cooperation in obtaining such a law.

S. 722 is seriously defective in six major respects which are summarized immediately below and discussed in detail thereafter.

1. S. 722 would squander the Federal taxpayers' money where there is only temporary economic difficulty, curable without the special Federal assistance provided in the bill. In consequence, communities in genuine need would receive less Federal help for industrial development projects than under the administration's proposal.

2. Essential local, State, and private initiative would be materially inhibited by the excessive Federal participation that S. 722 would authorize.

3. Federal financing of plant machinery and equipment is unwise and unnecessary and therefore wasteful of money that otherwise could be of real help.

4. The Federal loan assistance which S. 722 would provide for the construction of sewers, water mains, access roads, and other public facilities is unnecessary because such assistance is already available under an existing Government program. Outright

grants for such a purpose, a provision of S. 722, are wholly inappropriate.

5. The provisions for Federal loans for the construction of industrial buildings in rural areas are incongruous and unnecessary.

6. The creation of a new Federal agency is not needed and would actually delay initiation of the new program for many months.

I

The most striking defect of S. 722 is that it would make eligible for Federal assistance areas that don't need it—thus providing less help for communities in genuine need than would the administration's proposal. S. 722, as opposed to the administration bill, would more than double the number of eligible communities competing for Federal participation in loans for the construction or refurbishing of plants for industrial use—the main objective of both bills. Communities experiencing only temporary economic difficulty would accordingly be made eligible under S. 722 and the dissipation of Federal help among them would deprive communities afflicted with truly chronic unemployment of the full measure of assistance they so desperately desire and which the administration bill would give them.

II

Lasting solutions to the problems of chronic unemployment can only be forthcoming if local citizens—the people most immediately concerned—take the lead in planning and financing them. The principal objective is to develop new industry. The Federal Government can and should help, but the major role in the undertaking must be the local community's. Neither money alone, nor the Federal Government alone, can do the job. The States also must help, and many are, but in many instances and in many ways they could do much more.

Under S. 722, however, financing of industrial development projects by the Federal Government—limited to 35 percent under the administration's proposal—could go as high as 65 percent, local community participation could be as low as 10 percent, and private financing as little as 5 percent. Furthermore, although S. 722 conditions this assistance on approval by a local economic development organization, if no such organization exists one can be appointed from Washington.

III

S. 722 would authorize Federal loans for the acquisition of machinery and equipment to manufacturers locating in eligible areas. Loans for machinery and equipment are unnecessary, unwise, and costly. Much more money would be required and unnecessarily spent, much less money would find its way into truly helpful projects, and manufacturers would be subsidized unnecessarily vis-a-vis their competitors.

IV

S. 722 would authorize further unnecessary spending by providing both loans and grants—up to 100 percent of the cost—for the construction of access roads, sewers, water mains, and other local public facilities.

Grants for local public facilities far exceed any appropriate Federal responsibility. Even though relatively modest at the start, they would set predictably expensive and discriminatory precedents.

With regard to loans for such purposes, exemption from Federal income taxes makes it possible today for local communities in almost every case to borrow on reasonable terms from private sources. Whenever such financing is difficult to obtain, the need can be filled by the existing public facility loan program of the Housing and Home Finance Agency—a program which S. 722 would needlessly duplicate and for which an additional \$100 million authorization has already been requested.

V

S. 722 would make a minimum of 600 rural counties eligible for Federal loans for the construction of industrial buildings in such areas. The rural development program and the Small Business Administration are already contributing greatly to the economic improvement of low-income rural areas. Increasing the impact of these two activities, particularly the rural development program, is a preferable course.

VI

Finally, S. 722 would also create a new Federal agency and would, in consequence, mean many unnecessary additions to the Federal payroll and a considerable delay in the program before the new agency could be staffed and functioning effectively. None of this is necessary, for all that needs to be done can be done—much better and immediately—by the existing Department of Commerce.

Again, I strongly urge the Congress to enact new legislation at this session—but without those features of S. 722 that I find objectionable. I would, however, accept the eligibility criteria set forth in the bill that first passed the Senate even though these criteria are broader than those contained in the administration bill.

Moreover, during the process of developing a new bill, I would hope that in other areas of past differences solutions could be found satisfactory to both the Congress and the Executive.

My profound hope is that sound, new legislation will be promptly enacted. If it is, our communities of chronic unemployment will be only the immediate beneficiaries. A tone will have been set that would hold forth, for the remainder of the session, the hope of sound and rewarding legislation in other vital areas—mutual security, wheat, sugar, minimum wage, interest rates, revenue measures, medical care for the aged, and aid to education, to mention but a few.

Only this result can truly serve the finest and best interest of all our people.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, May 13, 1960.

THE DEPRESSED-AREA PROBLEM—THE CURE MUST BEGIN AT HOME

The weather was dreary and drizzling one morning last week as 500 people filed into the silent Ackermann plant of the Wheeling Steel Corp. in Wheeling, W. Va. The men were not workers arriving for the morning shift but guests at a funeral. They came to bid at an auction to liquidate the plant. In 18 hours of bidding, they bought \$5 million worth of idle equipment that once had hummed busily under the hands of 1,200 workers. To Wheeling, the auctioneer's machinegun chant was an old familiar dirge; for years, thousands of its skilled workmen have looked on helplessly as, one after another, the gates of its plants have closed for good. Once-thriving Wheeling is a prime example of an urgent problem: the depressed area.

By Government reckoning, a depressed area is one in which at least 6 percent of the workers are unemployed and the total has run at least 50 percent above the national average for 4 of the last 5 years. The United States has 19 major depressed areas and dozens of minor ones scattered from Washington to Maine, most of them concentrated in the industrial East. They account for more than half a million unemployed workers for whom recession is a year-round, inescapable fact, even when the Nation's economy is booming. Both parties introduced bills to aid depressed areas in the last Congress, but squabbled them to death. The cost was comparatively small: \$180 million for the administration bill against \$251 million for the Democratic bill. Now President-elect John F. Kennedy has put a de-

pressed-areas bill at the top of his list of "must" legislation.

The Nation's pockets of economic blight are caused by the fact that industries that once provided the major payrolls have either left the area, collapsed, or severely cut back their work force under the stress of technological change or competition from more efficient plants elsewhere. The textile industry has moved out of New England for the South's lower wages. In Pennsylvania, West Virginia, and Kentucky automation in the coal mines and a national shift from coal to oil and gas have thrown thousands out of work. Modernization of the steel industry, abetted by a slump in steel sales, is pushing Youngstown and Pittsburgh toward the depressed category.

Most depressed areas not only economic skeletons incapable of revival; they need only saving infusions of new industry. While they deserve a helping hand from the Government, chiefly in the form of loans and grants to encourage new plant building and new public facilities, it is a fact that Government help can do little good unless depressed areas first go to work to cure their own problems. Many have already arrested the decline, even made healthy comebacks by aggressively working to attract industry, but others are so badly depressed that they lack even the "seed money" to make a fresh start.

Pennsylvania has set up the strongest program to aid local communities in their battle for survival. With about a fourth of all U.S. depressed areas within its borders, the State 5 years ago launched an industrial development program. Its heart was a \$20 million revolving fund authorized to make loans to nonprofit development agencies for the construction of new plants in distressed areas. Result: the plan has attracted 389 plants (including Radio Corp. of America, Fruehauf Trailer and Chrysler Corp.) providing 106,000 factory jobs, encouraged the expansion of 700 existing firms, put to work 391 idle plants.

At the city level, Scranton has come up with one of the most imaginative programs. Hit by a cut in mining workers from 17,910 in 1940 to about 2,220 this year, Scranton set out to attract new employers by offering to build them a modern factory to meet their specifications. The city paid for all construction, charged the company only rent. The plan was first financed by the sale of municipal bonds, but the public has chipped in willingly with outright donations to keep the fund going. About 30 community-financed plants have been built at a cost of nearly \$20 million, providing jobs for more than 10,000 people. One secret of the plan's success: low wage rates, which 81 percent of the new industries admitted were what made the area attractive to them.

Many plants have closed up or moved away from depressed areas largely because area workers cling to high wage rates out of line with other regions. But as their savings melt away, workers have lowered their sights. The loss of the Ackermann plant so upset Wheeling workers that a jobless steelworker, Thomas Elliott, set up a "save-a-plant" movement, signed up more than 700 unemployed workers who are willing to take much lower wages.

Industrial development agencies have found that one of the most valuable investments they can make is a complete survey of a depressed area's facilities and natural resources. A geological survey of the area around Freedom, Ind., turned up the presence of gypsum; it took little urging to persuade a gypsum mine and mill to locate in the area. More and more depressed communities are setting up training programs to reeducate workers for new jobs. Pennsylvania spends \$500,000 a year retraining unemployed workers. Though it costs about \$140 to train one worker over a course of

several weeks, the State figures that it easily gets that back in taxes within a year.

Instead of concentrating solely on industrial plants, many communities now realize that their biggest hope is to create or attract more service industries. Pennsylvania's service industry employment has steadily increased, jumped from 79,000 in 1950 to 103,900 this year. By attracting enough factories to employ 10,000 people, Scranton figured that it created 17,000 additional jobs in the service industries, retail businesses, and professions. One reason: an average of three people leave the relief rolls for every new job created, thus increasing the market for services.

By working in partnership with the State, local businesses, and—most important—with the workers themselves, local communities can do at least as much as Lawrence, Mass., which, by careful planning and aggressive selling of its assets, has cut its unemployed from 25,000 to 4,500 since most of its textile mills left. All the areas that have worked on curing their own problems agree on one basic fact: Government aid, if it is forthcoming, will not work without the will of a city to revitalize itself.

STATEMENT OF SECRETARY OF COMMERCE FREDERICK H. MUELLER ON AREA ASSISTANCE LEGISLATION, BEFORE THE SUBCOMMITTEE ON PRODUCTION AND STABILIZATION OF THE SENATE COMMITTEE ON BANKING AND CURRENCY, AUGUST 18, 1960

Mr. Chairman and members of subcommittee, I welcome the opportunity to discuss with you proposed legislation to provide authority for an effective and sound Federal program of loans and grants to assist areas of substantial and persistent unemployment in their efforts to establish stable and diversified local economies.

I welcome this hearing, too, because people—their personal problems, their individual well-being, their future prospects—are the constant concern of the administration. We are proud of our record of promoting "Government for the people"; and that the encouragement of a climate favorable to private enterprise has helped develop widespread prosperity, a prosperity which no other nation at no other time in history has ever matched.

However, we shall never be satisfied—and I am sure this committee agrees—until men and women in areas of chronic unemployment also have an opportunity for a larger share of this country's prosperity.

And they can.

I am here to urge again immediate action to create new opportunities for the jobless and for industries—especially small business in these areas. I propose sound measures aimed at genuine solution. I think that is what the public hopes will be initiated rather than unrealistic plans based on excessive spending and bureaucratic confusion that would turn out to be disappointing to the unemployed.

We can begin now—this year—to help these deserving people. All that is necessary for a start is cooperation in the public interest by the executive and legislative branches. I sincerely believe the public wants prompt progress in a further contribution to healthy economic growth. So does the administration. So—I am confident—do the majority of Members of Congress.

Let us remove the roadblocks that have delayed needed legislation. For 5 years, the President has sought effective and sound legislation in this field and, as late as August 8, the day that the Senate reconvened, he urged that such legislation be enacted at this time. He characterized this as one of the items which should not await the selection and assembly of a new Congress and a new administration. He stressed his desire to cooperate with the Congress

in enactment of items listed in his message, and I am pleased therefore at this occasion to work with your committee in its consideration of proposals in this field.

The President's message of May 13, returning without approval S. 722, set forth in detail the reasons for that action. He urged enactment of legislation on which the Congress and the Executive can agree and pledged his cooperation to that end. A legislative proposal was introduced within 5 days thereafter by Senators DIRKSEN, BUSH, BEALL, KEATING, MORTON, and JAVITS (S. 3569) and by Congressmen WIDNALL and SILER in the House. This proposal was intended to provide a program on which the two branches of government could agree. At the time of its introduction this proposal was publicly acknowledged to be the administration's program, and we urged then and urge now speedy congressional approval. It should be noted that the administration's bill represented a sincere attempt to effect compromises leading to speedy action.

In your letter inviting me to appear today you mentioned your intention to explore in detail S. 722 as passed by this Congress; S. 1064, the earlier proposal endorsed by the administration; S. 3568; and S. 3569, to which reference was made above.

The veto message pointed out that S. 722 made eligible areas that were not chronically distressed. Communities in temporary economic difficulty should not be included. That they were included in the vetoed measure is made abundantly clear by the fact that, since passage of the measure by Congress, 12 areas (9 major and 3 smaller) eligible thereunder would no longer be eligible for benefits. Based on current figures from the Department of Labor, there are 31 major and 105 smaller communities which are eligible under S. 722; and 18 major and 74 smaller of such communities eligible under S. 3569.

The other detailed reasons for not approving S. 722, given by the President in his veto message, do not, in my opinion, need further explanation, but I would like to list and comment on them in a summary manner.

1. Under S. 722, the major role of solving these problems would be undertaken by the Federal Government. This takes the form of Federal participation in loans in amounts in excess to that needed.

We believe that a much more satisfactory way to accomplish local industrial growth and expansion is to concentrate the main effort with those close to the situation, who are familiar not only with the problems but also are aware of local assets and local efforts that can be developed. Experience and logic demonstrate that local private initiative is the key to sustained interest of the community and to lasting benefits. Federal Government should supplement and cooperate, but the prime impetus is local endeavor.

2. Machinery and equipment loans would be provided. Such loans are available, from manufacturers, other private sources, and the Small Business Administration and under the Small Business Investment Act. We believe therefore that authority for such loans would result in unnecessary and unwarranted duplication by the Federal Government in a field where the service is either already provided by nongovernment sources or by SBA when not available privately.

3. The loan program of S. 722 for public facilities again duplicates an existing program for assistance in the construction of basic public works, and the grants which would be authorized by the proposal are not within the scope of the program of assistance to the community as we visualize it. Such grants are disruptive to competition between businessmen and communities and more properly should be the responsibility of

State and local agencies. It is neither equitable nor wise to use one type of area development to affect adversely the economic stability of other areas.

4. The rural area program proposed by S. 722 introduced problems entirely different from those found in the industrial communities sought to be assisted by this legislation. Other means of Federal assistance are available and are being used. The rural development program is giving special attention to these areas and is demonstrating positive results. It is widening the opportunities for off-farm jobs, helping the living conditions of low-income farm families, and providing job training and health services. If more assistance is necessary in rural areas, it should be through the medium.

5. Further, the proposed establishment of a new and independent agency is contrary to good administrative practice. Studies and reports by unbiased commissions over recent years have repeatedly stressed the inability of separate agencies of this type to have proper administrative control.

In order to assure top priority of direction and wide cooperation among all agencies of the executive branch that can contribute to the solution, the area development agency should be under a Cabinet department responsive to the President.

In brief, gentlemen, we have opposed S. 722 because by its diffusion of Federal funds and its lack of concentration of aid it has failed to meet the objective which all of us are seeking; namely, the providing of assistance to the Nation's areas of substantial and persistent unemployment. It should be emphasized in this connection that there are major differences between the low-income rural areas on the one hand (such as those sought to be aided by S. 722) and urban industrial areas of chronic unemployment on the other. The urban-industrial areas are those which once had a functioning economy, but which have experienced a severe and lasting unemployment shock. These towns have municipal facilities such as water and sewage systems, they have banks and other commercial facilities, and in general have a concentration of capital investment, human resources, and social institutions which need to be conserved and which provide a base for industrial development. Admittedly rural low-income areas have significant problems but these are not problems of substantial unemployment; nor do those areas have the broad base on which industrial development can immediately take place. These two different types of areas clearly call for different types of treatment and that is why the administration supports separate programs addressed to the two types of areas.

I would like to illustrate in more specific terms how the loan funds for industrial areas provided under the criteria of S. 722 would not be as effective for the areas of real need as they would be under S. 3569. Although I recognize that area assistance loans will not, under either S. 3569 or S. 722, be based solely on the extent of unemployment in the areas for which the loans are sought, yet your subcommittee might be interested in a brief comparison of the two bills based on unemployment criteria alone. Each of the measures provides \$75 million for loans to depressed industrial areas. Under the criteria of the administration's bill, S. 3569, there were as of March this year 88 areas that would qualify (17 major and 71 smaller areas). Under S. 722, the vetoed bill, there would be 142 areas (40 major and 102 smaller areas). If the \$75 million provided by each bill were prorated proportionately among the distressed areas there would of course be more dollars available per distressed area under the administration's bill than under S. 722. Illinois, which has no major depressed areas, has four minor areas under the tests of S. 3569 and five such

areas within the terms of S. 722. The allocation of funds so prorated would be somewhat as follows:

Name	Number unemployed (March 1960)	S. 3569	S. 722
Centralia.....	1,750	\$262,500	\$120,000
Harrisburg.....	4,600	682,500	322,500
Herrin-Murphysboro-West Frankfort.....	12,050	1,785,000	840,000
Mount Carmel-Olney.....	1,375	97,500	
Mount Vernon.....	2,850	427,500	195,000

On the foregoing comparative basis four of the Illinois needy areas would be entitled to twice as much money under the administration's bill than under the vetoed bill. A fifth area, Mount Carmel-Olney, whose unemployment is less than 1,400 persons, would not qualify under S. 3569.

Turning to West Virginia, a State critically in need of area assistance, there are three major depressed areas. Here, using the same yardstick, there would be more than double the amount of funds available for these needy communities under the administration's proposal than under S. 722.

Name	Number unemployed (March 1960)	S. 3569	S. 722
Charleston.....	8,150	\$1,215,000	\$570,000
Huntington-Ashland.....	11,900	1,777,500	832,500
Wheeling.....	10,300	1,537,500	720,000

The same results hold true for West Virginia's smaller areas. Based on the March figures, 11 such areas would qualify for a total of \$2,733,500 under the vetoed bill; whereas under S. 3569 9 of these areas would qualify for \$6,016,500. Both in totals and in averages per community the criteria of the Administration's bill would provide more aid for West Virginia's depressed communities than would S. 722.

In Pennsylvania, the story is much the same. In March of this year it had five major areas of distress under the criteria of S. 3569 and eight such areas within the terms of S. 722. The principal differences being that Philadelphia, Pittsburgh, and York with less persistent unemployment would not meet the tests of S. 3569. In the five areas which would qualify under both bills, the aid under S. 722 would be less than half that available under the administration's measure. The figures are as follows:

Name	Number unemployed (March 1960)	S. 3569	S. 722
Altoona.....	4,700	\$697,500	\$322,500
Erie.....	9,700	1,447,500	675,000
Johnstown.....	10,100	1,507,500	705,000
Philadelphia.....	119,300	8,302,500	
Pittsburgh.....	75,700	5,265,000	
Scranton.....	13,200	1,957,500	922,500
Wilkes-Barre-Hazleton.....	19,800	2,947,500	1,380,000
York.....	6,700	465,000	

Based on the latest figures from the Department of Labor, I would like to point out that Philadelphia and York are no longer areas of critical unemployment under the standards of either bill. With respect to smaller areas in Pennsylvania, 15 would meet the tests of S. 722 and 11 would qualify under S. 3569. Here again in both totals and averages the vetoed bill would provide considerably less aid than would S. 3569.

If the object of this legislation is to provide material assistance for industrial areas suffering from chronic unemployment, very clearly S. 722 is found wanting—its scatter-shot approach encompassing communities with temporary, seasonal or mild unemployment problems can mean only that less aid will be available for those unfortunate communities faced with the specter of persistent unemployment.

So much in respect to the previous bill. But the areas with persistent unemployment need not be left neglected in the months ahead. The Congress can act now on an acceptable measure that will bring relief. I refer to S. 3569, which was introduced because the foregoing features of S. 722 prompted a veto in the public interest and because necessity demands a new attempt to pass a bill on which all who want to reduce chronic unemployment can agree.

S. 3569 is a more comprehensive bill than its predecessors. It seeks to gear together all the public and private forces that generate area development and to lay the foundation for permanent economic progress.

This bill provides broader criteria than those provided by S. 1064, the earlier administration proposal considered by the Congress along with S. 722. Such a modification was referred to by the President in his veto message when he stated that he would accept changes in these criteria in the interest of agreement on a proposal.

The sum of \$1.5 million annually is authorized to be used in helping State vocational education agencies in vocational training and retraining to assist eligible areas. The earlier bill (S. 1064) provided authority for this activity but did not expressly set out authorization which might serve as a measure of the need for this aspect of the program.

S. 3569 not only provides for priority for eligible areas in obtaining community facilities loans, as did S. 1064, but also expressly provides for the authorization of an additional \$100 million in funds to be available for these loans.

Funds available for grants to provide technical assistance would be increased from \$3 million annually to \$3.5 million annually; \$1.5 million would (as in S. 1064) be available annually for areas eligible generally and \$2 million would be available annually for towns predominantly dependent on one industry, small towns which could serve as centers for economic diversification of low-income areas, and other low-income areas to help them develop manufacturing, processing, and other activities calculated to diversify and improve their economies.

The maximum term of loans to industrial areas authorized by section 101(b)(2) of S. 3569 would be increased to 30 years from the 25-year maximum provided in S. 1064. The total amount of such loans which may be outstanding at any one time has been increased to \$75 million from the \$50 million provided for in S. 1064. I must emphasize that the true significance of such an adjustment will obviously be evaluated better on the basis of experience under the program. You may be assured that the budget process, executive and legislative, will arrive at realistic figures. Finally, S. 3569 would make more definite the interest rate to be charged on these loans. The establishment of a more precise formula would assure favorable charges to borrowers.

I have undertaken to describe to this committee in some detail the changes which have been made in the proposed program in the interest of seeking out a proposal on which agreement might be reached. In your letter of invitation, you also asked for detail on the provisions of S. 3568, which was also introduced after the veto of S. 722 as a measure on which agreement might be reached. While we are very appreciative of

the thought that went into this latter proposal, we prefer the program to be provided by S. 3569 and have not, therefore, thought it necessary to go into detail with respect to S. 3568.

S. 3569 can be a trailblazer. After initiating a course of action, time will tell whether further adjustments are needed to improve its operation. However, I should like to point out that the President and the administration have been constantly mindful of the problems of the areas of acute unemployment. Since his veto message, the President has personally urged that the various Federal agencies do their utmost within their present authorities and appropriations to assist such areas. Under the chairmanship of the Under Secretary of Commerce, member agencies of the Interdepartmental Committee coordinating the Federal assistance programs have made tangible progress. I am submitting for the record three documents summarizing this assistance.

In closing, I should like to reemphasize a fundamental in respect to any approach to permanent relief and lasting progress:

Money which the taxpayers send to the Treasury is not the sole instrument for use in area development. Excessive Federal funds unwisely spent by officials in Washington, unfamiliar with local conditions, could create duplications and confusions that defeat the purpose and might even cause injury to other sections. Action with any assurance of success must be a cooperative undertaking tailored to fit local conditions. It must stimulate local initiative and must fit into the pattern of private enterprise.

And such action is possible through S. 3569.

HOOVER-TYPE COMMISSION ON FEDERAL TAXATION

Mr. WILEY. Mr. President, I introduce for myself and the Senator from Nevada [Mr. BIBLE] a bill to establish a Hoover-type Commission on Federal Taxation.

The purpose of this Commission would be to make a top-to-bottom review of our tax system, to develop recommendations for providing more equitable tax laws, and to try to find ways and means by which the country can (a) more effectively meet its fiscal needs; (b) assure fair treatment of our citizens under the law; and (c) spur, not stunt, economic growth and progress.

The Nation, I believe, could benefit from creation of a realistic, long-range tax philosophy to serve—and preserve—our free-enterprise system, as well as development of a more equitable system of laws to reflect that philosophy.

Economically, we now exist on a kind of hand-to-mouth practice of levying new laws, and continuing ones that threaten to expire; rarely do we repeal laws, though some continue long beyond their originally intended time.

This results in taxes for economic expediency, rather than adherence to a system of principles designed to meet the long-range needs of the economy and the country.

My colleagues will recall that I introduced a similar measure in the previous Congress. Then, I was gratified by the many Members who joined in cosponsoring the Tax Commission bill.

To give other Senators an opportunity, again, to cosponsor the measure, I re-

quest unanimous consent that the bill remain on the desk for 1 week.

At this time, I also request unanimous consent to have the text of the bill printed at this point in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 10) for the establishment of a Commission on Federal Taxation, introduced by Mr. WILEY, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the general policy of the Congress—

(a) to strengthen the private enterprise system of the United States in terms of its changing needs, requirements, and opportunities, and thereby to advance the freedom and well-being of the American people;

(b) to provide the soundest basis for the collection of adequate revenue to meet the obligations of the Federal Government;

(c) to promote respect for and observance of Federal revenue laws and regulations, and

(d) toward the accomplishment of these objectives, to promote efficiency, stability, economy, clarity, simplicity, consistency, equity, and justice in the tax policy and tax structure of the Federal Government.

It is the purpose of this Act to establish a medium for the comprehensive implementation of this general policy through the establishment of a Commission to study and investigate the fundamental tax policy and the tax structure of the Federal Government and their application to the people on an individual basis as well as to the various segments of the national economy in order to improve the existing tax policy and tax structure of the Federal Government.

ESTABLISHMENT OF THE COMMISSION ON FEDERAL TAXATION

SEC. 2. (a) For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby established a Commission to be known as the Commission on Federal Taxation (in this Act referred to as the "Commission").

(b) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;

(2) Four appointed by the President of the Senate, two from the Senate and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive \$50 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. (a) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil service laws and the Classification Act of 1949, as amended.

(b) The Commission may procure, without regard to the civil service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$60 per diem for individuals.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

DUTIES OF THE COMMISSION

SEC. 9. (a) INVESTIGATION.—The Commission shall study and investigate the present tax policy and tax structure of the Federal Government, the kinds of direct and indirect taxes imposed thereunder (with particular reference to the Federal income tax and its impact on individuals and on enterprises—small, medium, and large), and the nature and extent of the application of such taxes generally and specifically (including the imposition and collection of taxes), in order to determine what changes in such tax policy and tax structure, and in the application and administration thereof, are necessary in its opinion to carry out the purposes set forth in section 1 of this Act.

(b) REPORT.—The Commission shall submit interim reports at such time or times as it deems necessary and shall submit to the Congress on or before January 1, 1962, its final report of the results of its investigation and study, together with its recommendations. Such final report may propose such constitutional amendments, legislative enactments, and administration actions as in its judgment are necessary to carry out its recommendations. On the sixtieth day after the date of submission of such final report, the Commission shall cease to exist.

POWERS OF THE COMMISSION

SEC. 10. (a) HEARINGS AND SESSIONS.—The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Commission or such subcommittee or member may deem advisable. Subpoenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any person designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U.S.C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon requests made by the Chairman or Vice Chairman.

EQUALITY OF OPPORTUNITY

Mr. KEFAUVER. Mr. President, on behalf of myself and several colleagues, I am today introducing a bill to amend the Clayton Antitrust Act, as amended by the Robinson-Patman Act, with reference to equality of opportunity. The bill would make more effective the act's prohibitions against price discrimination by eliminating the defense of meeting in good faith the equally low price of a competitor in those instances where it is affirmatively shown that the price discrimination may substantially lessen competition or tend to create a monopoly. Where the effect of the discrimination is not so severe as this, meeting competition in good faith would continue as a defense.

The necessity for the bill arises from the 1951 decision of the Supreme Court in the *Standard Oil of Indiana* case (340 U.S. 231). In this decision the Court held that price discriminations, unlawful under section 2(a) of the Clayton Act because of their substantial adverse effect upon competition, could be continued upon a showing that the discriminations were made in good faith.

This decision stands for the proposition that substantially lessening of competition or tendency toward monopoly is in the public interest if the business practices which produce these results are done in good faith.

The bill, on the other hand, is based on the proposition that substantial lessening of competition or tending toward monopoly is not in the public interest regardless of whether the business practices which produce those results are done in good faith or bad faith. The bill says that good faith monopoly is as

87TH CONGRESS
1ST SESSION

H. R. 4569

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 20, 1961

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Redevelopment
4 Act".

5 DECLARATION OF PURPOSE

6 SEC. 2. The Congress declares that the maintenance
7 of the national economy at a high level is vital to the best
8 interests of the United States, but that some of our com-
9 munities are suffering substantial and persistent unemploy-
10 ment and underemployment; that such unemployment and

1 underemployment cause hardship to many individuals and
2 their families and detract from the national welfare by
3 wasting vital human resources; that to overcome this prob-
4 lem the Federal Government, in cooperation with the States,
5 should help areas of substantial and persistent unemploy-
6 ment and underemployment to take effective steps in plan-
7 ning and financing their economic redevelopment; that Fed-
8 eral assistance to communities, industries, enterprises, and
9 individuals in areas needing redevelopment should enable
10 such areas to achieve lasting improvement and enhance the
11 domestic prosperity by the establishment of stable and diver-
12 sified local economies; and that under the provisions of this
13 Act new employment opportunities should be created by de-
14 veloping and expanding new and existing facilities and re-
15 sources without substantially reducing employment in other
16 areas of the United States.

17 AREA REDEVELOPMENT ADMINISTRATOR

18 SEC. 3. There shall be appointed by the President, by
19 and with the advice and consent of the Senate, an Area Re-
20 development Administrator in the Department of Commerce
21 who shall receive compensation at a rate equal to that re-
22 ceived by Assistant Secretaries of Commerce. The Admin-
23 istrator shall perform such duties in the execution of this Act
24 as the Secretary of Commerce (hereinafter referred to as the
25 Secretary) may assign.

ADVISORY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency; and the Small Business Administration; and such other members as the Secretary shall designate. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to

1 call together and confer with representatives of any group
2 who can assist in meeting the problems of unemployment or
3 underemployment in the several areas designated by the
4 Secretary as redevelopment areas. The Secretary may also
5 call upon representatives of interested governmental depart-
6 ments and agencies, together with representatives of trans-
7 portation and other industries, to participate in any confer-
8 ence convened under authority of this subsection whenever
9 he determines that such participation would contribute to a
10 solution of the problems creating such unemployment or un-
11 deremployment. The representatives at any such confer-
12 ence shall consider with and may recommend to the Secre-
13 tary plans and programs to further the objectives of this
14 Act with special reference to the industry with respect to
15 which the conference was convened.

16 REDEVELOPMENT AREAS

17 SEC. 5. (a) The Secretary shall designate as "rede-
18 velopment areas" those areas within the United States in
19 which he determines that there has existed substantial and
20 peristent unemployment for an extended period of time.
21 There shall be included among the areas so designated any
22 area—

23 (1) where the Secretary of Labor finds that the rate
24 of unemployment, excluding unemployment due pri-
25 marily to temporary or seasonal factors, is currently 6

1 per centum or more and has averaged at least 6 per
2 centum for the qualifying time periods specified in sub-
3 paragraph (2) below; and

4 (2) where the Secretary of Labor finds that the an-
5 nual average rate of unemployment has been at least—

6 (A) 50 per centum above the national average
7 for three of the preceding four calendar years, or

8 (B) 75 per centum above the national average
9 for two of the preceding three calendar years, or

10 (C) 100 per centum above the national average
11 for one of the preceding two years.

12 The Secretary of Labor shall find the facts and provide the
13 data to be used by the Secretary in making the determina-
14 tions required by this subsection.

15 Any area in which a substantial part of the employment
16 is or most recently was in an industry adversely affected by
17 the reduction of trade barriers under section 350 of the Tariff
18 Act of 1930, as amended, with respect to which the Presi-
19 dent has reported to the Congress under subsections 4 (a)
20 and 7 (c) of the Trade Agreements Extension Act of 1951,
21 as amended, and meeting the standards of unemployment set
22 forth in this section shall be entitled on application to a pri-
23 ority of consideration by the Secretary for designation as a
24 redevelopment area.

25 (b) The Secretary shall also designate as “redevelop-

1 ment areas" those areas (including Indian reservations)
2 within the United States which do not meet the require-
3 ments set forth in subsection (a) but which he determines
4 are among the highest in numbers and percentages of low-
5 income families, and in which there exists a condition of sub-
6 stantial and persistent unemployment or underemployment.
7 In making the designations under this subsection, the Secre-
8 tary shall consider, among other relevant factors, the number
9 of low-income farm families in the various rural areas of the
10 United States, the proportion that such low-income families
11 are to the total farm families of each of such areas, the re-
12 lationship of the income levels of the families in each such
13 area to the general levels of income in the United States, the
14 current and prospective employment opportunities in each
15 such area, the availability of manpower in each such area for
16 supplemental employment, the extent of migration out of
17 the area, and the proportion of the population of each such
18 area which has been receiving public assistance from the
19 Federal Government and/or from the State or States in
20 which such area is located or from any municipality therein.
21 In making these determinations the Secretary shall be
22 guided, but not conclusively governed, by pertinent studies
23 made, and information and data collected or compiled, by
24 (1) departments, agencies, and instrumentalities of the Fed-
25 eral Government, (2) State and local governments, (3) uni-

1 versities and land-grant colleges, and (4) private organiza-
2 tions.

3 (c) Upon the request of the Secretary, the Secretary of
4 Labor, the Secretary of Agriculture, and the Secretary of the
5 Interior and such other heads of agencies as may be ap-
6 propriate are authorized to conduct such special studies, ob-
7 tain such information, and compile and furnish to the Secre-
8 tary such data as the Secretary may deem necessary or
9 proper to enable him to make the determinations provided
10 for in this section. The Secretary shall reimburse when
11 appropriate out of any funds appropriated to carry out the
12 purposes of this Act, the foregoing officers for any expendi-
13 tures incurred by them under this section.

14 (d) As used in this Act, the term "redevelopment area"
15 refers to any area within the United States which has been
16 designated by the Secretary as a redevelopment area.

17 LOANS AND PARTICIPATIONS

18 SEC. 6. (a) The Secretary is authorized to purchase
19 evidences of indebtedness and to make loans (including im-
20 mediate participations therein) to aid in financing any
21 project within a redevelopment area for the purchase or
22 development of land and facilities (including, in exceptional
23 cases, machinery and equipment) for industrial or com-
24 mercial usage, including the construction of new buildings,
25 the rehabilitation of abandoned or unoccupied buildings, and

1 the alteration, conversion, or enlargement of existing build-
2 ings. Such financial assistance shall not be extended for
3 working capital, or to assist establishments relocating from
4 one area to another when such assistance will result in sub-
5 stantial detriment to the area of original location by increas-
6 ing unemployment.

7 (b) Financial assistance under this section shall be
8 on such terms and conditions as the Secretary determines
9 subject, however, to the following restrictions and limita-
10 tions—

11 (1) The total amount of loans and loan participa-
12 tions (including purchased evidences of indebtedness)
13 outstanding at any one time under this section (A)
14 with respect to projects in redevelopment areas desig-
15 nated under section 5 (a) shall not exceed \$100,000,000
16 (but not to exceed \$30,000,000 prior to July 1, 1962) ,
17 and (B) with respect to projects in redevelopment
18 areas designated under section 5 (b) shall not exceed
19 \$100,000,000 (but not to exceed \$30,000,000 prior
20 to July 1, 1962) ;

21 (2) except as provided in subsection (c) , such
22 assistance shall be extended only to applicants, both
23 private and public (including Indian tribes) , which
24 have been approved for such assistance by an agency
25 or instrumentality of the State or political subdivision

1 thereof in which the project to be financed is located,
2 and which agency or instrumentality is directly con-
3 cerned with problems of economic development in
4 such State or subdivision;

5 (3) the project for which financial assistance is
6 sought is reasonably calculated to provide more than
7 a temporary alleviation of unemployment or underem-
8 ployment within the redevelopment area wherein it is,
9 or will be, located;

10 (4) no such assistance shall be extended hereunder
11 unless the financial assistance applied for is not other-
12 wise available from private lenders or other Federal
13 agencies on reasonable terms;

14 (5) no loans shall be made unless it is determined
15 that an immediate participation is not available;

16 (6) no evidences of indebtedness shall be purchased
17 and no loans shall be made unless it is determined that
18 there is a reasonable assurance of repayment;

19 (7) subject to section 12 (5) of this Act, no loan,
20 including renewals or extension thereof, may be made
21 hereunder for a period exceeding twenty-five years and
22 no evidences of indebtedness maturing more than
23 twenty-five years from date of purchase may be pur-
24 chased hereunder: *Provided*, That the foregoing re-

1 restrictions on maturities shall not apply to securities or
2 obligations received by the Secretary as a claimant in
3 bankruptcy or equitable reorganization or as a creditor
4 in other proceedings attendant upon insolvency of the
5 obligor;

6 (8) such loans shall bear interest at a rate equal to
7 the rate of interest paid by the Secretary on funds ob-
8 tained from the Secretary of the Treasury as provided
9 in section 9 of this Act, plus one-half of 1 per centum
10 per annum to cover administrative expenses and to pro-
11 vide for losses on loans under this section;

12 (9) such assistance shall not exceed 65 per centum
13 of the aggregate cost to the applicant (excluding all
14 other Federal aid in connection with the undertaking)
15 of acquiring or developing land and facilities (including,
16 in exceptional cases, machinery and equipment), and of
17 constructing, altering, converting, rehabilitating, or en-
18 larging the building or buildings of the particular proj-
19 ect and shall, among others, be on the following
20 conditions:

21 (A) that other funds are available in an
22 amount which, together with the assistance provided
23 hereunder, shall be sufficient to pay such aggregate
24 cost;

25 (B) that not less than 10 per centum of such

1 aggregate cost be supplied by the State or any
2 agency, instrumentality, or political subdivision
3 thereof, or by a community, or area organization
4 which is nongovernmental in character, as equity
5 capital or as a loan;

6 (C) that in extending financial assistance under
7 this section with respect to a redevelopment area,
8 the Secretary shall require that not less than 5 per
9 centum of the aggregate cost of the project for which
10 such loan is made shall be supplied by nongovern-
11 mental sources; and

12 (D) that to the extent the Secretary finds such
13 action necessary to encourage financial participa-
14 tion in a particular project by other lenders and in-
15 vestors any Federal financial assistance extended
16 under this section may be repayable only after other
17 loans made in connection with such project and
18 in accordance with this section have been repaid
19 in full, and the security, if any, for such Federal
20 financial assistance may be subordinate and in-
21 ferior to the lien or liens securing other loans made
22 in connection with the same project;

23 (10) no such assistance shall be extended unless
24 there shall be submitted to and approved by the Secre-
25 tary an overall program for the economic development

1 of the area and a finding by the State, or any agency,
2 instrumentality, or local political subdivision thereof,
3 that the project for which financial assistance is
4 sought is consistent with such program: *Provided,*
5 That nothing in this Act shall authorize financial as-
6 sistance for any project prohibited by laws of the State
7 or local political subdivision in which the project would
8 be located.

9 (c) If there is no agency or instrumentality in any
10 State, or political subdivision thereof, qualified to approve
11 applicants for assistance under this section as provided in
12 paragraph (2) of subsection (b), the Secretary shall, upon
13 determining that any area in such State is a redevelopment
14 area, appoint a local redevelopment committee (hereinafter
15 referred to as a "local committee") to be composed of not
16 less than seven residents of such area who, as nearly as
17 possible, are representative of labor, commercial, industrial,
18 and agricultural groups, and of the residents generally of
19 such area. In appointing any such local committee, the Sec-
20 retary may include therein members of any existing local re-
21 development committees. Financial assistance under this
22 section in connection with projects located in a redevel-
23 opment area, for which a local committee has been appointed
24 under this section, shall be extended only to applicants, both

1 private and public (including Indian tribes), which have
2 been approved by such local committee.

3 LOANS FOR PUBLIC FACILITIES

4 SEC. 7. (a) Upon the application of any State, or politi-
5 cal subdivision thereof, Indian tribe, or private or public
6 organization or association representing any redevelopment
7 area or part thereof, the Secretary is authorized to make loans
8 to assist in financing the purchase or development of land
9 for public facility usage, and the construction, rehabilitation,
10 alteration, expansion, or improvement of public facilities
11 within any redevelopment area, if he finds that—

12 (1) the project for which financial assistance is
13 sought will provide more than a temporary alleviation
14 of unemployment or underemployment in the redevel-
15 opment area wherein such project is, or will be, located,
16 and will tend to improve the opportunities in such area
17 for the successful establishment or expansion of industrial
18 or commercial plants or facilities;

19 (2) the funds requested for such project are not
20 otherwise available on reasonable terms;

21 (3) the amount of the loan plus the amount of other
22 available funds for such projects are adequate to insure
23 the completion thereof;

1 (4) there is a reasonable expectation of repay-
2 ment; and

3 (5) such area has an approved economic develop-
4 ment program as provided in section 6 (b) (10) and the
5 project for which financial assistance is sought is con-
6 sistent with such program.

7 (b) Subject to section 12 (5), the maturity date of any
8 such loan shall be not later than forty years after the date
9 such loan is made. Any such loan shall bear interest at a rate
10 equal to the rate of interest paid by the Secretary on funds
11 obtained from the Secretary of the Treasury as provided in
12 section 9 of this Act, plus one-quarter of 1 per centum per
13 annum.

14 (c) The total amount of loans outstanding at any one
15 time under this section shall not exceed \$100,000,000 (but
16 not to exceed \$30,000,000 prior to July 1, 1962).

17 (d) No financial assistance shall be extended under this
18 section with respect to any public facility which would com-
19 pete with an existing privately owned public utility rendering
20 a service to the public at rates or charges subject to regula-
21 tion by a State regulatory body, unless the State regulatory
22 body determines that in the area to be served by the public
23 facility for which the financial assistance is to be extended
24 there is a need for an increase in such service (taking into
25 consideration reasonably foreseeable future needs) which the

1 existing public utility is not able to meet through its existing
2 facilities or through an expansion which it is prepared to
3 undertake.

4 GRANTS FOR PUBLIC FACILITIES

5 SEC. 8. (a) The Secretary may conduct studies of needs
6 in the various redevelopment areas throughout the United
7 States for, and the probable cost of, land acquisition or de-
8 velopment for public facility usage, and the construction,
9 rehabilitation, alteration, expansion, or improvement of use-
10 ful public facilities within such areas, and may receive pro-
11 posals from any State, or political subdivision thereof, Indian
12 tribe, or private or public organization or association repre-
13 senting any redevelopment area, or part thereof, relating to
14 land acquisition or development for public facility usage, and
15 the construction, rehabilitation, alteration, expansion, or im-
16 provement of public facilities within any such area. Any
17 such proposal shall contain plans showing the project pro-
18 posed to be undertaken, the cost thereof, and the contribu-
19 tions proposed to be made to such cost by the entity making
20 the proposal. The Secretary, in consultation with such en-
21 tity, is authorized to modify all or any part of such proposal.

22 (b) The Secretary, pursuant to a proposal received by
23 him under this section, may make grants to any State, or
24 political subdivision thereof, Indian tribe, or private or
25 public organization or association representing any redevel-

1 opment area, or part thereof, for land acquisition or develop-
 2 ment for public facility usage, and the construction, rehabili-
 3 tation, alteration, expansion, or improvement of public facili-
 4 ties within a redevelopment area, if he finds that—

5 (1) the project for which financial assistance is
 6 sought will provide more than a temporary alleviation
 7 of unemployment or underemployment in the redevel-
 8 opment area wherein such project is, or will be, located,
 9 and will tend to improve the opportunities in such area
 10 for the successful establishment or expansion of indus-
 11 trial or commercial plants or facilities;

12 (2) the entity requesting the grant proposes to
 13 contribute to the cost of the project for which such grant
 14 is requested in proportion to its ability so to contribute;

15 (3) the project for which a grant is requested will
 16 fulfill a pressing need of the area, or part thereof, in
 17 which it is, or will be, located, and there is little proba-
 18 bility that such project can be undertaken without the
 19 assistance of a grant under this section; and

20 (4) the area for which a project is to be undertaken
 21 has an approved economic development program as pro-
 22 vided in section 6 (b) (10), and such project is consist-
 23 ent with such program.

24 The amount of any grant under this section for any such
 25 project shall not exceed 65 per centum of the difference

1 between the funds which can be practicably obtained for
2 such projects from loans (including a loan under section 7
3 of this Act) and from other Federal sources for such project
4 and amount which is necessary to insure the completion
5 thereof.

6 (c) The Secretary shall by regulation provide for the
7 supervision of projects with respect to which grants are
8 made under this section so as to insure that Federal funds
9 are not wasted or dissipated.

10 (d) No financial assistance shall be extended under this
11 section with respect to any public facility which would com-
12 pete with an existing privately owned public utility render-
13 ing a service to the public at rates or charges subject to regu-
14 lation by a State regulatory body, unless the State regulatory
15 body determines that in the area to be served by the public
16 facility for which the financial assistance is to be extended
17 there is a need for an increase in such service (taking into
18 consideration reasonably foreseeable future needs) which the
19 existing public utility is not able to meet through its existing
20 facilities or through an expansion which it is prepared to
21 undertake.

22 (e) There is hereby authorized to be appropriated not
23 to exceed \$75,000,000 for the purpose of making grants
24 under this section: *Provided*, That not to exceed \$10,000,-

1 000 shall be appropriated for such purpose prior to July 1,
2 1962.

3 AREA REDEVELOPMENT FUND

4 SEC. 9. (a) There is hereby authorized to be estab-
5 lished in the Treasury of the United States an area redevelop-
6 ment fund (hereinafter referred to as the "fund"), which
7 shall be available to the Secretary for the payment of all
8 obligations and expenditures arising from the purchase of
9 evidences of indebtedness and loans authorized under sec-
10 tions 6 and 7.

11 (b) When requested by the Secretary, advances shall
12 be made to the fund from the appropriations made therefor.
13 There is hereby authorized to be appropriated for the pur-
14 pose of making advances to the fund, without fiscal year
15 limitation, an amount not exceeding \$300,000,000.

16 (c) Receipts arising from the loan program shall be
17 credited to the fund. Any moneys in the fund determined by
18 the Secretary to be in excess of current needs shall be
19 credited to the appropriation from which advanced to be
20 held for future advances to the fund.

21 (d) There shall be paid into miscellaneous receipts of
22 the Treasury at the close of each fiscal year interest on
23 advances to the fund at rates which shall be determined by
24 the Secretary of the Treasury at the time the advances or
25 commitments for advances are made after taking into con-

1 sideration the current average market yields of outstanding
2 marketable obligations of the United States having maturities
3 comparable to loans made by the Secretary.

4 (e) The fund shall contribute to the civil service retire-
5 ment and disability fund a sum as provided by section 4 (a)
6 of the Civil Service Retirement Act, as amended (5 U.S.C.
7 2254 (a)), except that such sum shall be determined by
8 applying to the total basic salaries (as defined in that Act)
9 paid to employees performing activities authorized under
10 sections 6 and 7 of this Act and covered by that Act the
11 per centum rate determined annually by the Civil Service
12 Commission to be the excess of the total normal cost per
13 centum rate of the civil service retirement system over the
14 employee deduction rate specified in section 4 (a) . The fund
15 shall also pay into the Treasury as miscellaneous receipts
16 that portion of the cost of administration of the civil service
17 retirement and disability fund attributable to employees per-
18 forming activities authorized under sections 6 and 7 of this
19 Act, as determined by the Civil Service Commission.

20 (f) In the performance of and with respect to the func-
21 tions, powers, and duties vested in him by sections 6 and
22 7 of this Act, the Secretary shall—

23 (1) prepare annually and submit a budget program
24 in accordance with the provisions of sections 102, 103,

1 and 104 of the Government Corporation Control Act,
2 as amended; and

3 (2) determine the character of and the necessity
4 for obligations and expenditures and the manner in
5 which they shall be incurred, allowed, and paid, subject
6 to provisions of law specifically applicable to Govern-
7 ment corporations.

8 INFORMATION

9 SEC. 10. The Secretary shall aid redevelopment areas
10 and other areas by furnishing to interested individuals,
11 communities, industries, and enterprises within such areas
12 any assistance, technical information, market research, or
13 other forms of assistance, information, or advice which are
14 obtainable from the various departments, agencies, and in-
15 strumentalities of the Federal Government and which would
16 be useful in alleviating or preventing conditions of excessive
17 unemployment or underemployment within such areas. The
18 Secretary shall furnish the procurement divisions of the
19 various departments, agencies, and other instrumentalities
20 of the Federal Government with a list containing the names
21 and addresses of business firms which are located in re-
22 development areas and which are desirous of obtaining
23 Government contracts for the furnishing of supplies or serv-
24 ices, and designating the supplies and services such firms
25 are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act and (2) to other areas which he finds to have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

1 (3) request directly from any executive depart-
2 ment, bureau, agency, board, commission, office, in-
3 dependent establishment, or instrumentality information,
4 suggestions, estimates, and statistics needed to carry out
5 the purposes of this Act; and each department, bureau,
6 agency, board, commission, office, establishment, or in-
7 strumentality is authorized to furnish such information,
8 suggestions, estimates, and statistics directly to the Ad-
9 ministrator;

10 (4) under regulations prescribed by him, assign or
11 sell at public or private sale, or otherwise dispose of
12 for cash or credit, in his discretion and upon such terms
13 and conditions and for such consideration as he shall de-
14 termine to be reasonable, any evidence of debt, contract,
15 claim, personal property, or security assigned to or held
16 by him in connection with the payment of loans made
17 under this Act, and collect or compromise all obligations
18 assigned to or held by him in connection with the pay-
19 ment of such loans until such time as such obligations
20 may be referred to the Attorney General for suit or
21 collection;

22 (5) further extend the maturity of or renew any
23 loan made under this Act, beyond the periods stated in
24 such loan or in this Act, for additional periods not to

1 exceed ten years, if such extension or renewal will aid
2 in the orderly liquidation of such loan;

3 (6) deal with, complete, renovate, improve, mod-
4 ernize, insure, rent, or sell for cash or credit, upon such
5 terms and conditions and for such consideration as he
6 shall determine to be reasonable, any real or personal
7 property conveyed to, or otherwise acquired by, him
8 in connection with the payment of loans made under this
9 Act;

10 (7) pursue to final collection, by way of compro-
11 mise or other administrative action, prior to reference
12 to the Attorney General, all claims against third parties
13 assigned to him in connection with loans made under
14 this Act. This shall include authority to obtain de-
15 ficiency judgments or otherwise in the case of mortgages
16 assigned to the Secretary. Section 3709 of the Revised
17 Statutes, as amended (41 U.S.C. 5), shall not apply to
18 any contract of hazard insurance or to any purchase or
19 contract for services or supplies on account of property
20 obtained by the Secretary as a result of loans made under
21 this Act is the premium therefor or the amount thereof
22 does not exceed \$1,000. The power to convey and to
23 execute in the name of the Secretary, deeds of convey-

1 ance, deeds of release, assignments and satisfactions or
2 mortgages, and any other written instrument relating
3 to real or personal property or any interest therein ac-
4 quired by the Secretary pursuant to the provisions of this
5 Act may be exercised by the Secretary or by any officer
6 or agent appointed by him for that purpose without the
7 execution of any express delegation of power or power
8 of attorney;

9 (8) acquire, in any lawful manner, any property
10 (real, personal, or mixed, tangible or intangible),
11 whenever deemed necessary or appropriate to the con-
12 duct of the activities authorized in sections 6 and 7
13 of this Act;

14 (9) in addition to any powers, functions, privi-
15 leges, and immunities otherwise vested in him, take
16 any and all actions, including the procurement of the
17 services of attorneys by contract, determined by him to
18 be necessary or desirable in making, servicing, compro-
19 mising, modifying, liquidating, or otherwise adminis-
20 tratively dealing with or realizing on loans made under
21 this Act;

22 (10) to such an extent as he finds necessary to
23 carry out the provisions of this Act, procure the tem-
24 porary (not in excess of six months) service of experts
25 or consultants or organizations thereof, including steno-

1 graphic reporting services, by contract or appointment,
2 and in such cases such service shall be without regard
3 to the civil service and classification laws, and, except
4 in the case of stenographic reporting services by organi-
5 zations, without regard to section 3709 of the Revised
6 Statutes (41 U.S.C. 5) ; any individual so employed
7 may be compensated at a rate not in excess of \$75 per
8 diem, and, while such individual is away from his home
9 or regular place of business, he may be allowed trans-
10 portation and not to exceed \$15 per diem in lieu of
11 subsistence and other expenses; and

12 (11) sue and be sued in any court of record of a
13 State having general jurisdiction or in any United
14 States district court, and jurisdiction is conferred upon
15 such district court to determine such controversies with-
16 out regard to the amount in controversy; but no attach-
17 ment, injunction, garnishment, or other similar process,
18 mesne or final, shall be issued against the Secretary or
19 his property. Nothing herein shall be construed to ex-
20 cept the activities under this Act from the application
21 of sections 507 (b) and 2879 of title 28 and of sec-
22 tion 316 of title 5 of the United States Code.

23 (12) establish such rules, regulations, and proce-

1 dures as he may deem appropriate in carrying out the
2 provisions of this Act.

3 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

4 SEC. 13. Whenever the Secretary shall determine that
5 employment conditions within any area previously desig-
6 nated by him as a redevelopment area have changed to such
7 an extent that such area is no longer eligible for such desig-
8 nation under section 5 of this Act, no further assistance shall
9 be granted under this Act with respect to such area and, for
10 the purposes of this Act, such area shall not be considered
11 a redevelopment area: *Provided*, That nothing contained
12 herein shall (1) prevent any such area from again being
13 designated a redevelopment area under section 5 of this
14 Act if the Secretary determines it to be eligible under such
15 section, or (2) affect the validity of any contracts or under-
16 takings with respect to such area which were entered into
17 pursuant to this Act prior to a determination by the Sec-
18 retary that such area no longer qualifies as a redevelop-
19 ment area. The Secretary shall keep the departments and
20 agencies of the Federal Government, and interested State
21 or local agencies, advised at all times of any changes made
22 hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

“REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

“SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a ‘municipality’) is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) The Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110 (c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan,

1 and without regard to any of the limitations of that section on
2 the undertaking of projects for predominantly nonresidential
3 uses.

4 “(c) Notwithstanding any other provision of this title,
5 a contract for financial assistance under this section may
6 include provisions permitting the disposition of any land in
7 the project area designated under the urban renewal plan
8 for industrial or commercial uses to any public agency or
9 nonprofit corporation for subsequent disposition as promptly
10 as practicable by such public agency or corporation for the
11 redevelopment of the land in accordance with the urban
12 renewal plan: *Provided*, That any disposition of such land
13 to such public agency or corporation under this section shall
14 be made at its fair value for uses in accordance with the
15 urban renewal plan: *And provided further*, That only the
16 purchaser from or lessees of such public agency or corpora-
17 tion, and their assignees, shall be required to assume the
18 obligations relating to the commencement of improvements
19 imposed under section 105 (b) hereof.

20 “(d) Following the execution of any contract for finan-
21 cial assistance under this section with respect to any project,
22 the Administrator may exercise the authority vested in him
23 under this section for the completion of such projects, not-
24 withstanding any determination made after the execution
25 of such contract that the area in which the project is located

1 may no longer be redevelopment area under the Area Re-
2 development Act.”

3 URBAN PLANNING GRANTS

4 SEC. 15. Paragraph (3) of section 701(a) of the
5 Housing Act of 1954 is amended by inserting after “coun-
6 ties which” the following: “(A) are situated in areas des-
7 ignated by the Secretary of Commerce under section 5(a)
8 of the Area Redevelopment Act as redevelopment areas
9 or (B) ”.

10 OCCUPATIONAL TRAINING

11 SEC. 16. (a) The Secretary of Labor is authorized,
12 upon request and whenever he determines such studies are
13 needed, to undertake, or to provide assistance to others for
14 studies of the size, characteristics, skills, adaptability, occu-
15 pational potentialities, and related aspects of the labor force
16 of any redevelopment area.

17 (b) When a redevelopment area has an approved eco-
18 nomic development program as provided in section 6(b)
19 (10), the Secretary of Labor, in consultation with the
20 Secretary, shall determine the vocational training or retrain-
21 ing needs of unemployed and underemployed individuals re-
22 siding in the redevelopment area. The Secretary of Labor
23 shall notify the Secretary of Health, Education, and Welfare
24 of the vocational training or retraining requirements of the
25 area, and shall provide for the orderly selection and referral

1 of those unemployed and underemployed individuals resid-
2 ing in the area who can reasonably be expected to obtain
3 employment as a result of the skill they will acquire in the
4 training which is to be made available, and shall make ap-
5 propriate provision for such supervision by the appropriate
6 agency as is necessary to the successful operation of any
7 training program established under this section. The Secre-
8 tary of Labor shall cooperate with the Secretary of Health,
9 Education, and Welfare and with existing State and local
10 agencies and officials in charge of existing programs relating
11 to vocational training and retraining for the purpose of as-
12 suring that the facilities and services of such agencies are
13 made fully available to such individuals.

14 (c) Whenever the Secretary of Labor finds that addi-
15 tional facilities or services are needed in the area to meet the
16 vocational training or retraining needs of such individuals,
17 he shall so advise the Secretary of Health, Education, and
18 Welfare. The Secretary of Health, Education, and Welfare
19 shall provide assistance, including financial assistance when
20 necessary, to the appropriate State vocational educational
21 agency in the provision of such additional facilities or serv-
22 ices. If the Secretary of Health, Education, and Welfare
23 finds that the State vocational educational agency is unable
24 to provide the facilities and services needed, he may, after
25 consultation with such agency, provide for the same by agree-

1 ment or contract with public or private educational insti-
2 tutions.

3 (d) The Secretary of Labor shall arrange to provide any
4 necessary assistance for setting up apprenticeships, and to
5 promote journeyman and other on-the-job training.

6 RETRAINING SUBSISTENCE PAYMENTS

7 SEC. 17. (a) The Secretary of Labor in consultation
8 with the Secretary is authorized, on behalf of the United
9 States, to enter into agreements with States in which re-
10 development areas are located, under which the Secretary
11 of Labor shall make payments to such States either in ad-
12 vance or by way of reimbursement for the purpose of en-
13 abling such States, as agents of the United States, to make
14 weekly retraining payments to unemployed and underem-
15 ployed individuals residing within such redevelopment areas
16 who are certified by the Secretary of Labor to be undergoing
17 vocational training or retraining under section 16 of this Act.
18 Such payments shall be made for a period not exceeding
19 sixteen weeks, and the amounts of such payments shall not
20 exceed the amount of the average weekly unemployment
21 compensation payment payable in the State making such
22 payments.

23 (b) No weekly retraining payment shall be made to
24 any person otherwise eligible who, with respect to the week
25 for which such payment would be made, has received or is

1 seeking unemployment compensation under title XV of the
2 Social Security Act or any other Federal or any State un-
3 employment compensation law, but if the appropriate State
4 or Federal agency finally determines that a person denied
5 weekly training benefits because of this paragraph is not
6 entitled to unemployment compensation under title XV of
7 the Social Security Act or such Federal or State law, this
8 paragraph shall not apply.

9 (c) Any agreement under this section may contain
10 provisions (including, so far as may be appropriate, pro-
11 visions authorized or made applicable with respect to agree-
12 ments concluded by the Secretary of Labor pursuant to
13 title XV of the Social Security Act) as will promote effec-
14 tive administration, protect the United States against loss,
15 and insure the proper application of payments made to the
16 State under such agreement. Except as may be provided
17 in such agreements, or in the rules and regulations prescribed
18 pursuant to subsection (d) of this section, determinations
19 by any duly designated officer or agency as to the eligibility
20 of individuals for weekly retraining payments under this
21 section shall be final and conclusive for any purposes and
22 not subject to review by any court or any other officer.

23 (d) The Secretary of Labor and the Secretary shall
24 jointly prescribe such rules and regulations as they may
25 deem necessary to carry out the provisions of this section.

1 (e) There are hereby authorized to be appropriated
2 such sums, not in excess of \$10,000,000 annually, as may be
3 necessary to carry out the provisions of this section.

4 PENALTIES

5 SEC. 18. (a) Whoever makes any statement knowing
6 it to be false, or whoever willfully overvalues any security,
7 for the purpose of obtaining for himself or for any applicant
8 any loan, or extension thereof by renewal, deferment of
9 action, or otherwise, or the acceptance, release, or substitu-
10 tion of security therefor, or for the purpose of influencing in
11 any way the action of the Secretary, or for the purpose of
12 obtaining money, property, or anything of value, under this
13 Act, shall be punished by a fine of not more than \$10,000
14 or by imprisonment for not more than five years, or both.

15 (b) Whoever, being connected in any capacity with
16 the Secretary, in the administration of this Act, (1) em-
17 bezzles, abstracts, purloins, or willfully misapplies any
18 moneys, funds, securities, or other things of value, whether
19 belonging to him or pledged or otherwise entrusted to him,
20 or (2) with intent to defraud the Secretary or any other
21 body politic or corporate, or any individual, or to deceive
22 any officer, auditor, or examiner, makes any false entry in
23 any book, report, or statement of or to the Secretary, or
24 without being duly authorized, draws any order or issues,
25 puts forth, or assigns any note, debenture, bond, or other

1 obligation, or draft, bill of exchange, mortgage, judgment,
2 or decree thereof, or (3) with intent to defraud participates,
3 shares, receives directly or indirectly any money, profit,
4 property, or benefit through any transaction, loan, com-
5 mission, contract, or any other act of the Secretary, or (4)
6 gives any unauthorized information concerning any future
7 action or plan of the Secretary which might affect the value
8 of securities, or having such knowledge, invests or speculates,
9 directly or indirectly, in the securities or property of any
10 company or corporation receiving loans or other assistance
11 from the Secretary shall be punished by a fine of not more
12 than \$10,000 or by imprisonment for not more than five
13 years, or both.

14 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
15 EMPLOYEES

16 SEC. 19. No loan shall be made by the Secretary under
17 this Act to any business enterprise unless the owners, part-
18 ners, or officers of such business enterprise (1) certify to the
19 Secretary the names of any attorneys, agents, or other per-
20 sons engaged by or on behalf of such business enterprise
21 for the purpose of expediting applications made to the Sec-
22 retary for assistance of any sort, and the fees paid or to
23 be paid to any such person; and (2) execute an agreement
24 binding any such business enterprise for a period of two
25 years after any assistance is rendered by the Secretary to

1 such business enterprise, to refrain from employing, tender-
2 ing any office or employment to, or retaining for professional
3 services, any person who, on the date such assistance or any
4 part thereof was rendered, or within one year prior thereto,
5 shall have served as an officer, attorney, agent, or employee,
6 occupying a position or engaging in activities which the
7 Secretary shall have determined involve discretion with re-
8 spect to the granting of assistance under this Act.

9 RECORD OF APPLICATIONS

10 SEC. 20. The Secretary shall maintain as a permanent
11 part of his records a list of applications approved for loans
12 under sections 6 and 7 and for grants under section 8, which
13 shall be kept available for public inspection during the regu-
14 lar business hours. The following information shall be posted
15 in such list as soon as each application is approved: (1) the
16 name of the applicant and, in the case of corporate applica-
17 tions, the names of the officers and directors thereof, (2) the
18 amount and duration of the loan or grant for which applica-
19 tion is made, (3) the purposes for which the proceeds of the
20 loan or grant are to be used, and (4) a general description
21 of the security offered for the loan.

22 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

23 SEC. 21. All laborers and mechanics employed by con-
24 tractors or subcontractors on projects assisted by the Secre-
25 tary under this Act and undertaken by public applicants shall

1 be paid wages at rates not less than those prevailing on simi-
2 lar construction in the locality as determined by Secretary of
3 Labor in accordance with the Davis-Bacon Act, as amended
4 (40 U.S.C. 276a—276a-5), and every such employee shall
5 receive compensation at a rate not less than one and one-half
6 times his basic rate of pay for all hours worked in any work-
7 week in excess of eight hours in any workday or forty hours
8 in the workweek, as the case may be. The Secretary shall
9 not approve any project involving the contribution of Fed-
10 eral funds without first obtaining adequate assurance that
11 these labor standards will be maintained upon the construc-
12 tion work. The Secretary of Labor shall have, with respect
13 to the labor standards specified in this provision the authority
14 and functions set forth in Reorganization Plan Numbered 14
15 of 1950 (15 F.R. 3176, 64 Stat. 1267, 5 U.S.C. 133z-
16 15), and section 2 of the Act of June 13, 1934, as amended
17 (48 Stat. 948, as amended; 40 U.S.C. 276 (c)).

18 ANNUAL REPORT

19 SEC. 22. The Secretary shall make a comprehensive
20 and detailed annual report to the Congress of his opera-
21 tions under this Act for each fiscal year beginning with
22 the fiscal year ending June 30, 1962. Such report shall
23 be printed, and shall be transmitted to the Congress not
24 later than January 3 of the year following the fiscal year
25 with respect to which such report is made. Such report

1 shall show, among other things, (1) the number and size
2 of Government contracts for the furnishing of supplies and
3 services placed with business firms located in redevelopment
4 areas, and (2) the amount and duration of employment re-
5 sulting from such contracts. Upon the request of the Sec-
6 retary, the various departments and agencies of the Gov-
7 ernment engaged in the procurement of supplies and serv-
8 ices shall furnish to the Secretary such information as may
9 be necessary for the purposes of this section.

10 APPROPRIATION

11 SEC. 23. There are hereby authorized to be appro-
12 priated such sums as may be necessary to carry out the
13 provisions of this Act.

14 USE OF OTHER FACILITIES

15 SEC. 24. (a) To avoid duplication of activities and mini-
16 mize expense in carrying out the provisions of this Act,
17 the Secretary shall, to the extent practicable and with their
18 consent, use the available services and facilities of other
19 agencies and instrumentalities of the Federal Government
20 on a reimbursable basis. The Secretary is authorized to
21 delegate to the heads of other departments and agencies
22 of the Federal Government any of the Secretary's functions,
23 powers, and duties under this Act as he may deem appro-
24 priate, and to authorize the redelegation of such functions,

1 powers, and duties by the heads of such departments and
2 agencies.

3 (b) Departments and agencies of the Federal Govern-
4 ment shall exercise their powers, duties, and functions in such
5 manner as will assist in carrying out the objectives of this
6 Act. This Act shall be supplemental to any existing author-
7 ity, and nothing herein shall be deemed to be restrictive of
8 any existing powers, duties, and functions of any other de-
9 partment or agency of the Federal Government.

10 (c) Funds authorized to be appropriated under this Act
11 may be transferred between departments and agencies with
12 the approval of the Director of the Bureau of the Budget:
13 *Provided*, That they are used for the purposes for which they
14 are specifically authorized and appropriated.

15 (d) Subject to the standards and procedures prescribed
16 by section 505 of the Classification Act of 1949, as amended,
17 the head of any agency, for the performance of functions
18 under this Act, including functions delegated pursuant to
19 subsection (a) of section 24, may place positions in grades
20 16, 17, and 18 of the General Schedule established by such
21 Act, and such positions shall be in addition to the number of
22 such positions authorized by section 505 of the Classification
23 Act of 1949, as amended, to be placed in such grades: *Pro-*
24 *vided*, That not to exceed a total of fifteen such positions may
25 be placed in such grades under this subsection, to be appor-

tioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

APPLICATION OF ACT

SEC. 26. As used in this Act, the terms "State," "States" and "United States" includes the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

By Mr. SPENCE

FEBRUARY 20, 1961

Referred to the Committee on Banking and Currency

In the passing of our beloved friend, Willa Eslick, the State of Tennessee has lost one of her most distinguished daughters. I shall miss her particularly, for I valued her counsel and advice and, above all, her warm friendship. Her memory will live on in the highest traditions in the history of her district, State and Nation—and in the hearts of her many friends.

Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the life and service of our late former colleague, Mrs. Willa B. Eslick.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

ELECTION OF MEMBER TO COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. HALLECK. Mr. Speaker, I send to the desk a resolution (H. Res. 175) and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That EDWARD J. DERWINSKI of Illinois be, and he is hereby, elected a member of the Standing Committee of the House of Representatives on Post Office and Civil Service.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AREA REDEVELOPMENT BILL

(Mr. SPENCE asked and was given permission to address the House for 1 minute.)

Mr. SPENCE. Mr. Speaker, I have today introduced the bill approved by the administration, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain areas of the United States. This is a bill in which many of my colleagues are deeply interested.

It will be known as the Area Redevelopment Act. There are many areas of the country deeply distressed today by reason of persistent and substantial unemployment. In some areas this has existed for years. It is time the Federal Government took some action to help these people who are in such distress. It is not only a condition of supreme importance to the people of these areas but it is also a matter of grave concern to the Nation. We cannot attain full economic growth until these conditions are alleviated. To do so would give us strength at home and add to our prestige abroad.

The bill will be set for hearing at the earliest practicable date. Mr. PATMAN is the chairman of the subcommittee to which the bill will be referred.

UNEMPLOYMENT CONDITIONS IN CONNECTICUT

(Mr. MONAGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONAGAN. Mr. Speaker, the Republican Party suffers from a strange blindness when human problems are concerned.

An excellent example of this sight difficulty is provided in the current discussion of our economic and employment problems.

Senator DIRKSEN and Representative HALLECK, the congressional leaders, cannot see any economic cloud on the horizon. All is fair and bright. In fact, they prefer not to talk about the jobs and hours of work. They even warn us ominously about the danger of talking ourselves into a recession.

Well, for the information of these gentlemen, we are in a recession right now.

In the three major areas of my district, Torrington, Ansonia-Derby and Waterbury, the amounts of unemployed of the total working force are, respectively, 12.2, 12.3, and 10.8 percent.

In these same areas, unemployment compensation claims are 2,331, 1,658 and 6,144.

Of course, these figures do not take into consideration reduced hours of work of those who are still technically unemployed. The average week worked in Connecticut declined from 40 hours to 38 from November through December.

These figures can be matched in many, if not most, areas of the Nation. The least the Republican Party can do is take notice of the problem. It is this lack of interest in the welfare of the average person on the part of its leaders which has caused the Republican Party to become the minority party in the Nation.

Now, I will admit that the question of what to do about the recession is a difficult one. President Kennedy has made certain recommendations to Congress and he has taken certain steps by Executive order to speed up procurement and hasten contract-letting in order to stimulate the economy. On the other hand, a respectable school of economists believes that we are now over the hump and that the economy will revive by its own momentum from this point on.

My own approach is to support the middle-of-the-road course of the President which prescribes short-range stimulation but also adopts a wait-and-see attitude on extreme remedies such as a general tax cut.

It is apparent that Messrs. DIRKSEN and HALLECK are committing the Republican minority in the Senate and the House to a hopeless course. Failing even to admit that a recession exists prevents taking adequate steps to cure it. Of course, the answer is that the Republican leadership is afraid to admit that we are in an economic pause because then people will realize that this recession began under the auspices of the late administration.

Well, the people of this country are too intelligent to be hoodwinked. They know when business is good and jobs are plentiful. And they know the opposite as well.

They also know that leadership—such as that of Messrs. DIRKSEN and HALLECK—which is the accepted and over-

whelmingly supported leadership of the Republican Party in Congress will not and should not have the support of the Nation.

WASTE OF MILITARY MANPOWER

(Mr. KOWALSKI asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KOWALSKI. Mr. Speaker, I have high hopes that the new Secretary of Defense—an able man with a great record of achievement in both academic and business fields—will move swiftly and effectively to end the colossal waste of our precious treasure of military manpower that has prevailed.

With our armed services needing every available man for defense duties, I am sure that Secretary McNamara will act to reverse the old policies under which men trained at great expense in military specialties have been assigned to non-military duties which are either unnecessary or could better be performed by civilians.

I believe the Secretary of Defense will be as shocked as I was to learn of two recent memorandums issued at Fort Monmouth, N.J.

After the furore over training manuals last year, it would appear that the military might have learned a lesson. But no—one of these memorandums is entitled "Grocery Bagging" and consists of a page of detailed instructions on how to fill bags of groceries in the commissaries.

The other memorandum is a welcome to the men assigned to the commissary. It makes a statement that will startle our millions of unemployed, namely, that the soldiers were assigned there because civilians could not be found to fill the jobs. This, of course, is nonsense.

Mr. Speaker, if there has to be a choice, we can afford a grocery bag lag more than a missile lag.

We need our trained fighting men in units where they can contribute significantly to our national defense. We need them in the jobs for which they entered the service, not as grocery baggers.

And we need a better and greater sense of responsibility in the services than one which not only has so little regard for the proper use of trained military men, but which then compounds its offense by wasting time and money in the issuance of a training manual on how to put groceries properly into a paper bag.

The soldiers who brought these memorandums to my attention told me of their various military skills, of their desire to be on truly military assignment, and also of their disillusionment with a system that relegated them to grocery bagging.

Mr. Speaker, I am submitting copies of these two memorandums to the attention of the House. I hope they will be read not only here but in the Pentagon, and that action will follow to end this utterly fantastic waste of men not only at Fort Monmouth but at every post in all the services.

The job of our military services is to defend America, not to fill grocery bags.

Here are the texts of the memorandums:

GROCERY BAGGING

Nothing irks a customer more than a poorly packed bag of groceries. If packed in lopsided fashion, it can become an awful burden. If packed in unbalanced style, it can become an awful mess. If packed in a loose manner, it can become an awful waste. Conversely, packing a customer's grocery bag properly builds good will and increases your service. The bagger, whether bag boy or checker, sells no groceries, just courtesy and efficiency. On this page are a few suggestions for good bagging.

1. Plan the packing: Open the bag fully; a partially opened bag can be easily torn. If more than one bag must be used, pack them with equal weight for easy carrying.

2. Get the right start: Make a solid base by putting the heavy packages and cans at the bottom. They pack solidly.

3. Use extra care: To prevent soaked bags and bag breakage, use waxed bags for wet vegetables, frozen foods, and ice cream (aluminum foil bags are also good for packing ice cream).

4. Watch the perishables: Pack eggs, berries, bread, tomatoes, and other crushable items near the top of the bag. (Inept baggers generally fail in this and cause untold customers complaints.)

5. Use small items: These, such as candy and cigarettes, should be used to fill up the empty spaces and "holes" in the bag.

6. The finale: Put the cash register receipt in the bag, hand the bag to the customer (making sure she has a firm hold on it), smile, and say pleasantly, "Thank you!"

Thank you for your cooperation and support of the Army team.

Commissary Officer.

To All Details:

Welcome to the commissary, gentlemen, you are detailed here today, and your services are greatly appreciated by the quartermaster and the commanding general. Your work here is necessary because of our inability to secure needed civilian employees.

Commissary privileges are a benefit to you and other eligible military personnel. Please be very courteous to all customers, and above all, do not engage in any argument with them.

Thank you for your cooperation and support of the Army team.

Commissary Officer.

THE INDICTMENT OF EICHMANN BY ISRAEL FOR MASS MURDER

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. LANE. Mr. Speaker, the Chelsea Zionist District of Massachusetts, held its installation ceremonies at the Shurtleff Street Synagogue in Chelsea, on Sunday, February 12, 1961.

As principal speaker, I took for my subject: "The Eichmann Case." Adolph Eichmann will be tried by the Republic of Israel next month, as one of the major Nazi criminals who were responsible for the murder of over 6 million Jewish civilians, men, women, and children.

All humanity will read the day-to-day reports of this trial which involves a Nazi accused of the appalling crime of genocide; the cruel and methodical attempt to exterminate a whole people. The evidence against Eichmann is overwhelming. The world will wait to see if the rule of law will prevail to establish a precedent that will deter future ag-

gressors from committing similar crimes against innocent peoples.

At the breakfast meeting of the Chelsea Zionist District it was my humble honor to be presented with an engraved citation on a plaque for outstanding service to the Zionist cause and to the welfare of the Jewish people.

The address that I delivered at the installation is as follows:

Mr. Chairman, Mr. President, at the very outset let me applaud the outgoing administration and congratulate the incoming officers for work well done and for confidence well placed. The Chelsea Zionist district has long been active in supporting the cause of Israel and urging its support by others. That its efforts have been rewarded is obvious. That its continued efforts are necessary is certain.

In 1947, on a very grim occasion, I visited this wonderful city of Chelsea. I was your speaker at the high school auditorium. The occasion was a welcome-home and a well-done to a brave Chelsea lad who was wounded by a pistol shot while resisting a boarding party from a British gunboat that intercepted a vessel running displaced Jews into Palestine past the British blockade. His name was William Millman, and he was a member of that gallant crew bringing a precious cargo of human souls to Palestine.

I told you then, in those horrible days, when the land of Israel was barred to the children of Israel, not to be dismayed, there will be a state of Israel. There was.

I told you that President Truman will speedily recognize that state. He did.

I also told you that the state of Israel will be readily admitted to the United Nations. It was.

I did not then, as I do not now, lay any claim to powers of prophecy. My predictions of things to come was based solely on things that went before. I knew then, as I know now, that a people who refused to perish through 2,000 years of travail and exile and the indescribable horrors of Hitler will not perish; that the spirit of faith and devotion to the moral principles of their forefathers, having been so tried, must eventually serve the purpose for which it was being tested.

I can now proudly state that my reasoning was correct. What I anticipated would happen, did happen. I also knew that a State of Israel will be a shining light in the gloomy world that followed World War II, because I knew it would be a democratic government in an area that was ruled by despots, backward and illiterate, and thus bring light where light was badly needed.

I am not disappointed. The State of Israel, founded on those virtues of liberty, equality, and faith, democratic and free, is not only an outpost for democratic institutions but is an example for all new nations, now appearing, to consider and emulate. The State of Israel is the strongest rebuff the reactionary, enslaving, soul-crushing doctrines of communism have so far received. It is no wonder that Russia wants to see Israel obliterated because the forces of darkness must always flee before the power of light.

Let the new nations of the world compare. Compare a new state, founded on democratic principles, the State of Israel, with other states weighted down under the despotism of communism. I ask, where do you find greater freedom of expression, thought and soul; greater opportunity for spiritual expression, cultural development and economic progress—in the democratically governed State of Israel or in Communist dominated Hungary, Poland, Rumania, and even Russia itself.

By example alone, the State of Israel has demonstrated the simple and eternal truth that he who lives by the sword shall perish by the sword and that it is not by might and not by strength but by spirit that man endures.

Therefore, when United States marine shipping was barred from the international Suez Canal because of having been used in trade with Israel; when foreign powers dared to dictate to us and classify our citizens and insist on which of our citizens they will allow in their countries and which they will not, and we submitted; when they professed to be peace loving yet refused to sit down and discuss peace terms with Israel, the nation which defeated them; when they asserted a serious refugee problem but did nothing to help their own for admittedly political reasons; when they caused our Navy Department to insert cancellation clauses in all its contracts with its suppliers whose supply ships are blacklisted by the U.A.R.; and, when in the face of all this, the State Department permitted the U.S. executive director of the World Bank to vote for a \$56 million loan to the U.A.R. for widening the Suez Canal, I brought this to the attention of Congress on February 4, 1960.

I informed Congress that this affront to the United States, this insult to our people, to our principles, and to our professed sense of morality, was induced only because our Government, at that time, resorted to the use of platitudes and the comfort of temporary expediency for positive action. True facts and moral realities were swept under the rug.

I warned the administration that the pile of sweepings was so great that the administration itself would trip over it. The recent election proved how correct I was. I said that the debris must be cleaned out without delay or else in the eyes of the nations of the world we shall be considered not only weak in arms and technology but also in enforcing moral issues. You who have heard or read the inaugural address of President Kennedy know that you can expect the debris to be cleaned out without much delay.

A few weeks from today, a great and wonderful event will take place in Jerusalem.

Just as thousands of years ago there was brought down from Mount Sinai and given to the children of Israel a new moral code for all men to heed and use as a guide for civilized living (we call it the 10 Commandments), so in a few weeks, in Jerusalem, the State of Israel will open the eyes of the world to the realization that there can be no exceptions to the commandment "Thou shalt not kill." I refer to the Eichmann case.

Rarely, since the framing of our Constitution and the writing of the Declaration of Independence has the concept of natural law been raised, as it will be raised in the coming trial of Adolph Eichmann.

As a lawyer, lawmaker and human being the issues of jurisdiction and venue greatly interest me. We are aware of the accusations against Eichmann, his apprehension, his delivery to the State of Israel and the diplomatic hauling and pulling that ensued.

There are many pros and cons offered relative to the trial of Eichmann in Israel. The arguments range all the way from those induced by anger to those advanced by thinkers, philosophers and would-be philosophers and some not worthy of classifying.

During the course of argument the State of Israel will be the target of hate mongers, Communists, and assorted cranks.

There will also be true students of jurisprudence, dispassionate thinkers and analysts who will dissent from what I am about to say by reason of their sincere beliefs. For such I have sincerest respect because our common purpose is to see justice done. We may merely differ as to the means of accomplishing that purpose.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued March 3, 1961
For actions of March 2, 1961
87th-1st, No. 37

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HIGHLIGHTS: Senate committee reported feed grains bill. Senate subcommittee approved depressed areas bill. Senate committee reported Clapp nomination. Sen. Chavez introduced and discussed bill to provide increased appropriations for development of forest roads and trails.

SENATE

- 1. FEED GRAINS.** The Agriculture and Forestry Committee reported with amendment S. 993, to provide a special program for feed grains for 1961 (S. Rept. 59). p. 2808
- 2. DEPRESSED AREAS.** The Production and Stabilization Subcommittee of the Banking and Currency Committee approved for full committee consideration with amendments S. 1, the depressed areas bill. p. D114
- 3. NOMINATIONS.** The Agriculture and Forestry Committee reported the nomination of Norman M. Clapp to be REA Administrator (p. 2800). Sen. Proxmire commended the nomination and inserted a statement by Clyde Ellis and a resolution of the National Rural Electric Cooperative Assoc. commending it (pp. 2864-5). Confirmed the nomination of John W. Macy, Jr., to be a Civil Service Commissioner. p. 2800

4. PEACE CORPS. Received from the President a message recommending the establishment of a permanent Peace Corps of trained American men and women to be sent overseas by the U. S. Government or through private organizations and institutions to help foreign countries meet their urgent needs for skilled manpower, including help to increase rural agricultural productivity by assisting local farmers to use modern implements and techniques (H. Doc. 98). pp. 2833-4
Sen. Humphrey commended the President's message and inserted the text of an Executive order and a statement of the President establishing a Peace Corps on a temporary pilot basis. He also inserted several articles and editorials commending the message. pp. 2841-5
Sen. Bennett criticized the President's order establishing a Peace Corps on a temporary pilot basis when legislation is pending in Congress for this purpose, stating that "no matter how excellent the Peace Corps idea may be, there is no reason for setting it up in this manner, which evidences such disdain for the constitutional division of powers." p. 2889
5. WATERSHEDS. Sen. Jordan expressed concern over the "delays" and the "seriousness of the differences of views between the Corps of Engineers and the Soil Conservation Service" on the joint study of the Cape Fear River Basin in N. C. and inserted the text of his letter to these agencies urging early completion of the report on the basin. pp. 2888-9
6. FORESTRY. Sen. Williams, N. J., urged enactment of legislation for the establishment of wilderness areas and inserted several articles favoring the establishment of such areas. pp. 2870-5
7. PUBLIC LANDS. Sen. Engle inserted the text of a letter by Secretary of Interior Udall defending his order establishing an 18-month moratorium on most types of new applications for withdrawn nonmineral public lands administered by the Bureau of Land Management. pp. 2839-40
8. ECONOMIC REPORT. Agreed to a request by Sen. Douglas granting the Joint Economic Committee an extension of time from March 1 to April 30 to file its report on the Economic Report of the President. p. 2849
9. VIRGIN ISLANDS. Received a GAO audit report on the Virgin Islands Corporation. p. 2803
10. ACCOUNTING. Received the annual report of GAO. p. 2803
11. LEGISLATIVE PROGRAM. Sen. Mansfield stated that he hopes to have the Senate consider the feed grains and depressed areas bills next week. Sen. Ellender stated that he would prefer for the House to act on the feed grains bill before it is considered by the Senate. p. 2803

HOUSE

12. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 2204, to extend the time in which the Outdoor Recreation Resources Review Commission shall submit its final report (H. Rept. 50). p. 2914
13. SUPPLEMENTAL APPROPRIATIONS. The House Appropriations Committee was granted permission to file a report on the third supplemental appropriation bill for 1961 by midnight, Fri., Mar. 3. p. 2900

Digest of CONGRESSIONAL PROCEEDINGS

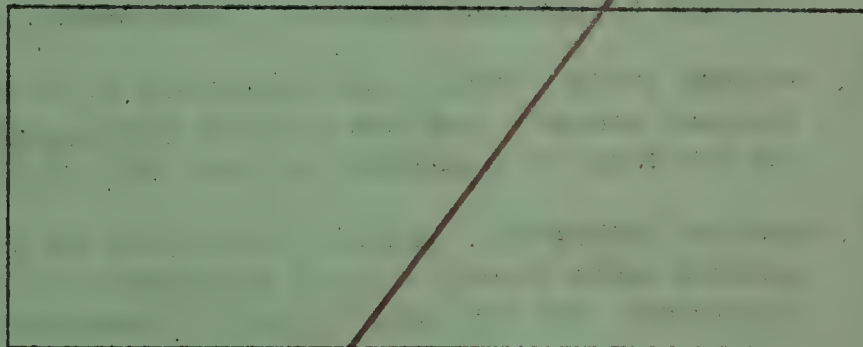
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: House Rules Committee cleared feed grains bill. Senate committee voted to report depressed areas bill. House passed bill to modify restriction on farm operating loans.

HOUSE

- FEED GRAINS.** The Rules Committee reported a resolution for consideration of H. R. 4510, to provide a special program for feed grains for 1961 (p. 3066). The "Daily Digest" states that the Committee granted "an open rule, waiving points of order, with 4 hours' debate" on the bill (p. D127).
- FARM LOANS.** Passed, under suspension of the rules, H. R. 1822, to increase from 10 to 25 percent the portion of the annual appropriation for Farmers Home Administration operating loans that may be used for loans to borrowers whose operating loan indebtedness would exceed \$10,000. pp. 3035-6
- APPROPRIATIONS.** The Appropriations Committee reported (on Mar. 3, during adjournment of the House) without amendment H. R. 5138, the third supplemental appropriation bill for 1961 (H. Rept. 52) (p. 3065). See Digest 38 for items of interest.
- FOOD ADDITIVES.** The Interstate and Foreign Commerce Committee reported (on Mar. 3, during adjournment of the House) with amendment H. R. 3980, to amend the transitional provisions of the act of September 6, 1958, "To protect the public health by amending the Federal Food, Drug, and Cosmetic Act to prohibit the use in food of additives which have not been adequately tested to establish their safety" (H. Rept. 53). p. 3065

5. SUGAR. The "Daily Digest" states that the Agriculture Committee met "in executive session on H. R. 3738, to extend the Sugar Act. The committee will continue on this subject, in executive session, Wednesday, March 8." p. D127
6. RESEARCH; FOOD INSPECTION. The Agriculture Committee voted to report with amendment H. R. 4662, to amend the Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959 so as to authorize the Secretary of Agriculture to extend beyond March 5, 1961, the effective date of the registration and enforcement provisions of the Federal Insecticide, Fungicide, and Rodenticide Act with respect to nematocides, plant regulators, defoliants, and desiccants. p. D127
7. FOREIGN TRADE. Rep. Saund discussed U. S.-Mexican relations, particularly Mexican concern over the Mexican farm labor program and increasing competition in international markets for the sale of cotton and coffee. pp. 3040-46
8. FOREIGN CURRENCIES. Received a report on the use of foreign currencies in connection with foreign travel by Members and employees of the Foreign Affairs, Judiciary, and Veterans' Affairs Committees. pp. 3059-65
9. TREASURY REPORT. Received the annual report of the Secretary of the Treasury (H. Doc. 3). p. 3065
10. COMMITTEE ASSIGNMENTS. Reps. Paterson and Alford resigned as members of the Post Office and Civil Service Committee. Rep. Alford was elected a member of the Appropriations Committee. Rep. Hagan was elected a member of the Post Office and Civil Service Committee. pp. 3027-8
11. LEGISLATIVE PROGRAM. The "Daily Digest" states that the third supplemental appropriation bill and the feed grains bill will be considered today (Tues). p. D127

SENATE

12. DEPRESSED AREAS. The Banking and Currency Committee voted to report (but did not actually report) with amendments S. 1, the depressed areas bill. The "Daily Digest" states that the "bill, as approved, would authorize expenditures of \$394 million and would vest its administration under the jurisdiction of the Department of Commerce by an administrator appointed by the President." p. D125
13. FEED GRAINS. As reported by the Agriculture and Forestry Committee, S. 993, to provide a special program for feed grains for 1961, provides for:
 - \$1.20 price support for corn, and comparable price support for oats, rye, barley, and grain sorghums for 1961 crops;
 - A 30 percent diversion of acreage from corn, grain sorghums, and such other feed grains as the Secretary may specify, as a condition of price support for corn, grain sorghums, oats, rye and barley;
 - Payment in cash for half of the reduced production at 50 percent of the support price;
 - Payment-in-kind for the other half of the reduced production at 60 percent of the support price; and
 - Assistance by CCC in the marketing of payment-in-kind certificates.The committee report includes a statement of explanation as follows:

"The details of the proposed diversion are similar to those worked out by Congress in past wheat bills. The total acreage of corn and grain sorghums, and the total acreage of such other feed grains, if any, as might

Daily Digest

HIGHLIGHTS

House passed 9 miscellaneous bills.

Senate

Chamber Action

The Senate was not in session today. Its next meeting will be held Tuesday, March 7, at noon.

Committee Meetings

(Committees not listed did not meet)

MILITARY CONSTRUCTION

Committee on Armed Services: Committee continued its hearings on proposed military construction authorizations for 1962, with further testimony in open and executive sessions from Maj. Gen. Lyle E. Seeman, Director of Installations, Army.

Hearings continue tomorrow.

AREA REDEVELOPMENT

Committee on Banking and Currency: Committee, in executive session, ordered favorably reported with amendments S. 1, proposed Area Redevelopment Act of 1961. The bill, as approved, would authorize expenditures of \$394 million and would vest its administration under the jurisdiction of the Department of Commerce by an administrator appointed by the President.

Also, the committee approved S. 712, authorizing the coining and sale of duplicates in bronze of a gold medal presented to Robert Frost by the President; with amendment S. 900, providing for the striking of medals in commemoration of the 250th anniversary of the founding of Mobile, Ala.; and the nomination of Neal J. Hardy, to be Administrator, Federal Housing Administration.

NOMINATIONS

Committee on Foreign Relations: Committee, in executive session, ordered favorably reported the nominations of Francis T. P. Plimpton, of New York, to be a U.S. Representative to the U.N. General Assembly; Jonathan B. Bingham, of New York, to be an alternate U.S. Representative to the U.N. General Assembly; John Howard Morrow, of New Jersey, and Charles P. Noyes, of New York, to be alternate representa-

tives to the U.N.; George F. Kennan, of New Jersey, to be Ambassador to Yugoslavia; and Philip H. Coombs, of Connecticut, to be Assistant Secretary of State for Educational and Cultural Affairs.

Prior to this action, in open session, the nominees testified and answered questions in their own behalf.

OECD

Committee on Foreign Relations: Committee met in executive session to consider the Convention for Economic Cooperation and Development (Ex. E, 87th Cong., 1st sess.), but did not conclude action thereon, and will meet again tomorrow.

AIR SAFETY

Committee on Interstate and Foreign Commerce: Continuing its air safety hearings, the Aviation Subcommittee had as its witnesses A. B. McMullen, National Association of State Aviation Officials; Glenn B. Iverson, Flight Engineers' International Association; and J. B. Hartranft, Jr., Aircraft Owners and Pilots Association.

Hearings continue on Wednesday, March 8.

OFFSHORE TRADE

Committee on Interstate and Foreign Commerce: Subcommittee on Merchant Marine and Fisheries began hearings on problems and policies affecting maritime transportation between the U.S. mainland and non-contiguous domestic areas, having as its witnesses Senators Gruening, Fong, and Long of Hawaii; Thomas E. Stakem, Chairman, Federal Maritime Board; Shiro Kashiwa, attorney general of Hawaii; Robert Oshiro, member of the Hawaiian House of Delegates; A. M. Edwards, secretary of Guam; and Mr. Fitch, representing the Alaska Railroad.

Hearings continue tomorrow.

MINIMUM WAGE

Committee on Labor and Public Welfare: Subcommittee on Labor concluded its hearings on amendments to the Fair Labor Standards Act, after receiving testimony from the following witnesses: Paul S. Hudgins, Blue-

field Hospital, Bluefield, W. Va.; Ralph E. Casey, American Merchant Marine Institute; Benjamin O. Johnson, National Fisheries Institute; Otis H. Ellis, National Oil Jobbers Council; Arthur C. Kreutzer,

Liquefied Petroleum Gas Association; and James H. Hulbert, National Association of Broadcasters.

Mr. Hudgins was introduced by Senator Byrd of West Virginia.

House of Representatives

Chamber Action

Bills Introduced: 49 public bills, H.R. 5188-5236; 13 private bills, H.R. 5237-5249; and 16 resolutions, H.J. Res. 282-286, H. Con. Res. 184-189, and H. Res. 205-209, were introduced.

Pages 3028, 3066-3067

Bills Reported: Reports were filed as follows:

Report of the Committee on Appropriations entitled "Air Force Intercontinental Ballistic Missile Construction Program," filed on March 3 (H. Rept. 51);

H.R. 5188, third supplemental appropriation bill, filed on March 3 (H. Rept. 52);

H.R. 3980, food additives transitional provisions amendment of 1961, filed on March 3 (H. Rept. 53);

H.R. 5075, providing temporary extension of railroad unemployment insurance benefits, filed on March 3 (H. Rept. 54);

H.R. 5000, to authorize certain construction at military installations, amended (H. Rept. 55);

H.R. 5174, a private bill to authorize the appointment of Dwight David Eisenhower to the active list of the Regular Army (H. Rept. 56);

H.R. 1258, relative to compensation under Longshoremen's and Harbor Workers' Compensation Act, amended (H. Rept. 57);

H.R. 5189, to exempt from tax income derived by a foreign central bank of issue from obligations of the U.S. (H. Rept. 58);

H. Res. 208, providing for 4 hours of debate on, waiving of points of order against, and the consideration of a committee substitute amendment for, H.R. 4510, to provide a special program for feed grains for 1961 (H. Rept. 59); and

H. Res. 209, closed rule providing for the consideration of, 3 hours of debate on, and the waiving of points of order against, H.R. 4884, to authorize Federal financial participation in aid to dependent children of unemployed parents (H. Rept. 60).

Pages 3065-3066

Committee Resignations: Heard the reading of letters of resignation from the following Members from the following standing committees:

Representative Hansen from the Committee on Veterans' Affairs;

Representative Peterson from the Committee on Post Office and Civil Service; and

Representative Alford from the Committee on Post Office and Civil Service.

Pages 3027-3028

Committee Elections (Majority): Adopted H. Res. 205, electing the following Members to membership on the following standing committees:

Representative Alford to Committee on Appropriations;

Representative Hansen to Committee on Education and Labor;

Representative Peterson to Committee on the Judiciary; and

Representative Hagan of Georgia to Committee on Post Office and Civil Service.

Page 3028

Consent Calendar: Passed the following bills on the call of the Consent Calendar:

Sent to the Senate Without Amendment:

Indian War veterans: H.R. 3587, relating to outpatient care of Indian War veterans.

Sent to the Senate Amended:

Veterans' benefits: H.R. 860, repealing certain obsolete provisions of title 38, U.S. Code, relating to effective date of certain statutory awards determined by the VA to be service connected.

Veterans' appeals: H.R. 866, to require findings of fact and conclusions of law by the Board of Veterans' Appeals.

Veterans' pensions: H.R. 2953, relative to counting service time in more than one period of war for pension purposes.

Bills Not Considered:

Passed over without prejudice: H.R. 845, 856, 858, and 861.

Objected to: H.R. 4469.

Ineligible: H.R. 1822 and 2204.

Pages 3028-3030

Suspension Passages: The House considered and passed, under suspension of the rules, the following bills:

Medal of Honor pensions: H.R. 845, to increase the rate of special pension payable to certain persons awarded the Medal of Honor;

Veterans' insurance adjustment: H.R. 856, to permit the conversion or exchange of policies of national service life insurance to a new modified life plan;

VA salaries: H.R. 858, relating to additional pay for managers and directors of professional services at VA medical installations; and

Farm loans: H.R. 1822, to adjust the amount of funds available for farm operating loans made pursuant to Bankhead-Jones Farm Tenant Act.

Pages 3030-3035

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House debated feed grains bill. Senate debated feed grains bill. Senate committee reported depressed areas bill. Senate received nominations of Murphy to be Under Secretary and Bertsch to be Farmers Home Administrator.

HOUSE

- 1. FEED GRAINS.** Continued debate on H. R. 4510, to provide a special program for feed grains for 1961 (pp. 3259-81). By a vote of 165 to 103, rejected an amendment by Rep. Harvey which would have provided that the Secretary could not establish the price support for the 1961 crop of corn at more than 75 percent of parity (pp. 3277-80).
- 2. SUGAR.** The "Daily Digest" states that the Agriculture Committee met in executive session to hear Dean Rusk, Secretary of State, regarding extension of the Sugar Act. The committee will meet again Thursday, March 9, in executive session, with Dean Rusk." p. D137
- 3. FARM PROGRAM.** Rep. Beckworth inserted several letters discussing various aspects of the farm situation, including his letters to former Sen. Kennedy and Vice President Nixon and their replies regarding price supports for cotton, a letter from former Assistant Secretary of Agriculture McLain regarding price supports for wheat, and a letter from Orlin J. Scoville of this Department enclosing tables of the names and addresses of the 10 feed grain producers receiving the largest CCC loans on feed grains in 1958 and 1959. pp. 3281-5

4. TEXTILE IMPORTS. Reps. Hemphill and Whitener discussed the effects of increasing imports of textiles on the domestic textile industry, and Rep. Hemphill inserted several items on the matter. pp. 3311-7

SENATE

5. FEED GRAINS. Began debate on S. 993, to provide a special program for feed grains for 1961. pp. 3234-5, 3240-2, 3246-57
Sens. Capehart, Aiken, and Cooper submitted amendments intended to be proposed to this bill during debate. p. 3213

6. DEPRESSED AREAS. The Banking and Currency Committee reported with amendments S. 1, the depressed areas bill (S. Rept. 61). p. 3210

~~Sens. Bush and Capehart submitted amendments intended to be proposed to this bill during debate. p. 3213~~

7. NOMINATIONS. Received the nominations of Charles S. Murphy to be Under Secretary of Agriculture and Howard Bertsch to be Administrator of the Farmers Home Administration. p. 3258

8. FARM LABOR. The Rules and Administration Committee reported with amendment S. Res. 86, to authorize the Labor and Public Welfare Committee to investigate matters pertaining to migratory labor (S. Rept. 66). p. 3210

9. PLANT QUARANTINE. Sen. Keating inserted a N. Y. State Nurserymen's Assoc. resolution opposing "the intent of the Plant Quarantine Branch of the Agricultural Research Service, U. S. Department of Agriculture, to extend its present Japanese beetle quarantine to include those geographical areas in the State of New York presently not under said quarantine regulations." pp. 3209-10

10. NATURAL RESOURCES. Sen. Symington commended the President's recent message on natural resource development and inserted "figures showing just some of the dividends which have resulted from investments in water-resource projects" in Missouri. p. 3240

11. WATER RESOURCES. The Rules and Administration Committee reported without amendment S. Res. 94, to authorize the printing of additional copies, for use by the Interior and Insular Affairs Committee, of the report of the Select Committee on National Water Resources, S. Rept. 29, 87th Congress. p. 3210

12. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the feed grains bill may be laid aside temporarily today (Thurs.) and the depressed areas bill taken up, depending on the progress made in the House on the feed grains bill. pp. 3257-8

ITEMS IN APPENDIX

13. FEDERAL SUPPLY. Extension of remarks of Sen. Wiley inserting an address by Rep. Curtis, Mo., on various aspects of ^{the} federal supply program. pp. A1602-3

14. FARM LABOR. Extension of remarks of Rep. Zelenko discussing his proposed bills "designed to eliminate the disgraceful nationwide abuses against thousands of migratory laborers." pp. A1604-5

15. LANDS. Extension of remarks of Rep. Aspinall inserting an article and stating that it outlines the views of the Wisconsin Farmers Union on a "wide variety

87TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 61

AREA REDEVELOPMENT—1961

REPORT
OF THE
COMMITTEE ON
BANKING AND CURRENCY
TOGETHER WITH
INDIVIDUAL VIEWS
TO ACCOMPANY
S. 1



MARCH 8, 1961.—Ordered to be printed

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AREA REDEVELOPMENT—1961

MARCH 8, 1961.—Ordered to be printed

Mr. DOUGLAS, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany S. 1]

The Committee on Banking and Currency, to whom was referred the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

INTRODUCTION

Many communities or areas in the United States suffer from substantial and persistent unemployment or underemployment of their human resources. This condition of chronic distress has existed in these areas for a number of years. They have been especially hard hit during periods of business recession, and even during periods of national prosperity, these pockets have remained in a severely depressed condition. This economically unhealthy situation causes hardship to hundreds of thousands of families and impairs the national welfare by allowing vital human resources to remain wasted. S. 1 would provide a sound program, consisting of a number of inter-related tools for economic growth whereby the Federal Government would help these distressed areas to raise themselves to a condition of fuller utilization of their resources and prosperity.

Many factors are responsible for this condition of economic distress in these areas. Shifts in demand for products, shifts in plant locations, new technology leading to new types of productive techniques, the exhaustion of certain natural resources and inadequate basic public facilities, are among the prime forces preventing these communities from sharing adequately in our economic growth. Coal

mining regions and former centers of textile manufacturing are two of the most obvious victims of our rapidly changing economy.

S. 1 is designed to help these areas of distress which have a sound economic potential to share more fully in our economic growth—to transform themselves into productive communities enjoying a standard of living comparable to that of the country as a whole. S. 1 is directed toward assisting communities, industries, enterprises, and individuals in these areas to achieve lasting improvements in their economic infrastructure by assisting in the creation of new employment opportunities which will contribute to lasting growth.

To continue to ignore these economically distressed areas will only compound their difficulties. Continued over a long period, depressed employment conditions result in the gradual disintegration of the community and all its physical resources built up over the years—schools, stores, hospitals, banks, office buildings, homes, churches, and all of the rest of the capital investment of these areas which has been acquired at great expense and over long periods of time.

Furthermore, a successful program of area redevelopment would serve to reduce public outlays for unemployment compensation relief and other forms of public assistance designed to alleviate severe personal hardship—payments for which no current production is received in return. A successful program would be self-financing to the extent that all of these other forms of public assistance can be reduced.

The needs of the low-income rural areas are no less urgent than those of the distressed industrial areas. The potential loss of national production due to underutilization of manpower in the rural areas is a major impediment to faster economic growth. Available data indicate that in many rural counties in the United States, the average per capita income is as little as one-fourth of the national average. To the extent that the program included in S. 1 can substantially raise the productivity of these rural areas, it will contribute to a faster rate of national economic growth.

The Employment Act of 1946 declares that the Federal Government should help assure maximum employment. The persistence of unemployment and underemployment in these areas should be combated by a Federal program, not only because of the human hardship and suffering involved, but also because such conditions are a threat to the general welfare of the Nation.

Upon receipt of the Special Task Force Report on Area Redevelopment on December 29, 1960, President Kennedy stated:

It would be a mistake to consider the problems of chronic unemployment and underemployment solely in the context of the areas directly affected. The entire Nation suffers when there is prolonged hardship in any locality. This problem is especially critical today, for 1 out of every 10 persons in the United States lives in an area that now feels the impact of chronic unemployment or underemployment.

S. 1 recognizes this responsibility and provides for a program of integrated techniques which will help the people in such areas to expand the base of their economic activities so as to alleviate this long-term problem of individual distress and economic decay.

BACKGROUND OF THE BILL

The problems which S. 1 is designed to meet are not new. The provisions in S. 1 have been considered in one form or another by four separate committees of Congress in the past 6 years.

The Joint Economic Committee was the first congressional group in the 84th Congress to call for Federal action to help chronically distressed communities. In its 1955 report, the Joint Economic Committee urged that the public works program should be speeded up, and that loans and technical assistance should be extended to help these distressed communities to improve their economic conditions.

Later, in the same year, the Joint Economic Committee made a careful study of low-income families in the United States and in its report the committee called attention not only to the problems of depressed industrial areas but also to the persistence of low income in various rural areas in the country, particularly in the South. The committee favored a comprehensive Federal program which would combat the basic causes of economic distress both in depressed industrial areas and in regions where low incomes prevailed.

In 1956, that committee reiterated its conclusion that a Federal depressed areas program was needed, and a comprehensive program was embodied in a bill, S. 2663, 84th Congress, introduced by the then chairman of the committee, Senator Paul H. Douglas. In addition, President Eisenhower had given support to an area redevelopment program in his economic reports to the 84th, 85th, and 86th Congresses.

Such legislation passed in the Senate in 1956 and again in 1958. In 1958 the House also passed the legislation and it was sent to the President who refused to approve the measure, killing it by a pocket veto.

In the first session of the 86th Congress area redevelopment legislation (S. 722) was again introduced and passed in the Senate.

The House passed S. 722 in May of 1960, and the bill was vetoed by the President. An attempt to override the President's veto in the Senate was unsuccessful.

Over these years scores of witnesses have testified before this committee on area redevelopment; and almost 3,500 pages of testimony have been presented.

Since the Senate considered S. 722 in detail in the 86th Congress, two significant reports have been made on the problem of persistent unemployment: the report of the Special Committee on Unemployment Problems under the chairmanship of Senator McCarthy, issued March 30, 1960, and the report of the Special Task Force on Area Redevelopment appointed by President Kennedy, under the chairmanship of Senator Douglas, which issued its report on December 29, 1960.

Both of these careful studies unanimously recommended a broad-gage Federal program for the assistance of areas of chronic unemployment, including the legislation embodied in S. 1. These recommendations were on a bipartisan basis. The minority of the Special Senate Committee on Unemployment Problems were quite as emphatic in their recommendations as the majority as to the need to enact area redevelopment legislation.

S. 1 as reported is the product of many years of exhaustive study. Public hearings were held on S. 1 in January and February of this

year by the Subcommittee on Production and Stabilization under the chairmanship of Senator Paul H. Douglas. Over 30 witnesses were heard including the Secretary of Agriculture, the Secretary of Labor, the Secretary of Commerce and individual Senators and Congressmen. The subcommittee went into executive session on March 2, 1961. The bill was then ordered reported to the full Banking and Currency Committee which reported it with amendments to the Senate on March 6, 1961.

PURPOSE OF THE BILL

This legislation is being considered in the midst of a recession which has affected the centers of heavy industry with especial severity. It has thus aggravated the unemployment problem of many of the areas which were already depressed.

This bill is not an antirecessionary measure. This is generally agreed. It is a long-range recovery measure, designed to assure that areas of persistent unemployment and underemployment will have a better opportunity in the future to obtain their fair share of the Nation's future economic growth.

Nonetheless, the recession has an effect upon the consideration of this legislation. In the past, areas of chronic unemployment have been slower to recover than the rest of the country. Moreover, after other recessions additional areas have developed persistent unemployment. Thus, with jobs scarce and new hiring limited, skilled men who might otherwise find work elsewhere now find this alternative closed to them even after an extended search for jobs in other communities.

In these circumstances, the current economic situation, with its unusual high levels of unemployment, and the possibility that unemployment may remain high for some time after recovery has begun, is of great interest to the committee.

After each postwar recession since 1953-54, the rate of unemployment in the recovery has been higher than in the previous recovery period. This suggests that unemployment has been creeping upward even in good times, when the number of employed was increasing.

The problem of partial employment in rural areas is equally disturbing.

The Secretary of Agriculture in his testimony before the subcommittee emphasized the extent of underemployment in such areas:

Underemployment in agriculture has become an increasingly serious problem since the end of the war. An increasing number and an increasing percentage of farm families are found in the lowest income group of the Nation—the lowest one-fifth. In the 1944-47 period, 40 percent of the farm operator families were in that group, but in the 1955-57 period more than 50 percent were in it. Another way to see this problem is to look at actual income figures. In 1959, only about 13 percent of the families in the Nation had incomes less than \$2,000, but about 36 percent of the farm families had incomes under \$2,000.

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There is enough underemployment each year among workers 20 to 64 years of age who live on farms to equal a

full year of unemployment for 1,400,000 workers. That is to say—if we did not have so many people underemployed in agriculture, the Nation would have roughly 1,400,000 more unemployed workers than are currently reported.

It is clear that unemployment and underemployment are basically the same condition. We need more jobs.

THE ESSENTIAL FEATURES OF AREA REDEVELOPMENT

S. 1 recognizes the fact that persistent unemployment and underemployment in chronic labor surplus areas is a stubborn problem and requires tailor-made solutions to meet the specific problems in each community. It provides a package of tools which will be made available to the redevelopment areas. It recognizes that an effective program cannot be imposed from outside, but that local leaders, with the help of the programs made possible under S. 1, could embark upon realistic programs of economic rehabilitation and self-help.

The purpose of the legislation is to create jobs in redevelopment areas as an essential step in a comprehensive program to help these communities to rehabilitate themselves.

S. 1 provides a combination of integrated tools for effective redevelopment.

The first step in an effective program can be summarized in the Socratic admonition "Know thyself." A community development organization must have comprehensive knowledge about its current and potential resources, both physical and human. With an inventory of its resources, a community can discuss its advantages with a prospective employer on a specific and factual basis. A careful analysis of the existing and potential resources can indicate the kind of industries the local industrial development committee should try to attract. Frequently, communities need guidance and aid in assessing their own economic potential realistically. S. 1 would provide such assistance to labor surplus areas.

Lack of capital is a major obstacle to the development and recovery of labor surplus areas. In order to induce business to locate or expand existing facilities in a redevelopment area, S. 1 would provide the employer with part of the needed capital at attractive rates of interest. Testimony presented before this committee in its formal investigations over the past 5 years, filling more than 3,500 closely printed pages, provides ample evidence that traditional lending institutions in distressed areas are not as venturesome as their counterparts in growing and expanding communities.

To provide long-term loans, S. 1, therefore, favors the establishment of a revolving fund from which businessmen could borrow part of the funds needed for expansion or for new enterprises. The balance of the funds would be provided by the State and local governments and, of course, by the entrepreneurs. An effective program to aid distressed areas requires coordinated efforts and participation by all levels of government and private enterprise.

Distressed areas frequently lack facilities needed to attract new industry. Often the community's resources are inadequate because of a deteriorated tax base and chronic low income of its citizenry. S. 1 would provide for the creation of a separate fund from which communities could obtain credit to improve their public facilities.

In extreme cases of need the Federal Government would be empowered to make grants. The extent to which the Federal Government would provide such grants would depend upon the ability of the community and the State to contribute.

The skills of many workers in redevelopment areas may become obsolescent because of automation or other reasons. In many low-income rural areas industrial skills have never been adequately developed. The Federal Government has participated in vocational training programs since World War I, but on a limited basis. S. 1 would allocate additional funds to chronic labor surplus areas to finance more extensive occupational training and retraining. The exact type of training would, of course, depend on the occupational requirements of the area and the needs of new or potential industries that might locate in the community.

It would be unrealistic, however, to expect workers without means of subsistence to complete an effective training program. S. 1 would, therefore, provide unemployed workers undergoing training, who are not already receiving unemployment insurance benefits, subsistence payments equal to the average unemployment benefits in their States.

In short, S. 1 will provide the needed machinery by which new industry will be channeled into chronic labor surplus areas. It provides only part of the capital and resources that is needed to meet the difficult problem facing the Nation of completely rehabilitating these areas. It is, however, anticipated that the program provided by S. 1 will provide the needed seed capital and the other tools to help these areas to develop a program which would allow them to share, in a greater measure, in the economic growth of the Nation.

CAUSES OF LOCALIZED CHRONIC UNEMPLOYMENT

Several factors are usually involved in the decline of employment in the areas of substantial and persistent unemployment. These include changes in production technology, in consumer demand, or in the competitive market position of certain products, automation, the depletion or exhaustion of local natural resources, the lack of diversification of industry, the shutdown of obsolete or economically unprofitable plants, and the transfer of important local industries to other areas.

TECHNOLOGICAL CHANGE

Technological change is one of the mainsprings of American economic progress. It provides new and improved methods of production, frequently at lower cost, so that mass markets can be developed and American goods can compete more effectively at home and abroad. At the same time, displacement of workers due to technological change can cause severe hardships to individuals and to communities in the short run.

Technological change is one important factor in the severity of unemployment in some of the areas which would receive Federal assistance under this bill. In view of the present rapid rate of technological change and the prospect that this high rate will continue in the future, particularly in manufacturing, mining, transportation, and agriculture, it is important that provision be made for technical assistance to areas which without advance area development planning might eventually become areas of persistent unemployment.

There are many illustrations of the effects of technological change. The Secretary of Labor, in his testimony before the committee, gave the following examples:

In certain areas and in certain industries the rapid development of automation has made possible massive displacement of men by machines. The bituminous coal mining industry offers a dramatic illustration. In 1937, the industry produced over 446 million tons of coal with 491,864 employees. In 1958, it produced 410 million tons with 195,000 employees. In 1959, it produced 412 million tons with 179,636 employees. The use of machinery was necessary if coal was to maintain its competitive position with other fuels, but mechanization displaced vast numbers of mineworkers and caused serious economic and social distress in the coal regions.

At the present time, the rapid development of automation and other technological developments could create new distressed areas if nothing is done to anticipate the dislocations which may occur. In the past year, the threat of employee displacement from automation or technological change has been the central point in most major labor disputes, including those in the steel, longshore, meatpacking, and railroad industries. Most American trade unions accept improved technology as a desirable development which holds promise for greater productivity, higher wages and higher standards of living. We, too, are convinced that automation need not be an evil but can bring great benefits. Yet, its short-term effects are obviously disturbing to individual displaced workers and can be near-catastrophic when entire communities are affected.

MIGRATION OF INDUSTRY

The migration of industry to new areas has affected many lines of activity. Again, the classic case is the movement of textile mills out of New England and the growth of the textile industry in the South. This occurred not only in cotton textiles, but in synthetic textiles, the woolen and worsted industries, the hosiery industry and other branches of the knit-goods industry.

Many of these mill closings were sudden. They left one-industry towns with little industrial employment. Whenever this is accompanied by a diminution in demand, as has been the case with certain types of textiles and coal, the situation was particularly severe.

Frequently these facilities built in new locations, with new and modern equipment, are erected in an effort to come closer to markets, and in other cases because it is less expensive to build in new areas than to restore obsolete facilities in older locations. In a recession, production tends to be concentrated in the newer and more efficient facilities, leaving pockets of unemployment in the cities in which the older plants are located.

This same process affects heavier industry. For instance, it has been a policy of certain automobile companies to decentralize their operations out of Detroit, and to build new facilities in other areas. In some cases, plants for the manufacture of the new compact cars,

for example, the Falcon of the Ford Motor Co., have been located in other areas. As these lines have gained in popularity in relation to the standard models still made in Detroit, employment was reduced in Detroit. In much the same way, the manufacture of certain automobile parts has been concentrated in other locations.

The same process has occurred in the steel industry, where new facilities have been developed, in which costs of production are lower, and in which production tends to be concentrated during a recession, while unemployment tends to increase in such areas as Youngstown and Pittsburgh, where older mills are located. When combined, as has been the case in both steel and in automobiles, with a diminution in the demand for certain product lines, the effect can be and has been quite severe in the established centers.

SHIFTS IN DEMAND

Shifts in demand, already noted in connection with bituminous coal, with certain automobile products, and with steel, have also affected the anthracite coal mining industry, which has lost much of the home heating market to gas and oil. Conversion of the railroads from steam to diesel engines seriously affected areas dependent upon production and maintenance of steam equipment, such as Altoona, Pa.

Areas which are dependent upon one industry or one product line of an industry for a major portion of their employment may be severely affected by such shifts in demand. Such areas may have many of the requisites for sustained industrial activity but need assistance in shifting to new types of employment activity.

DEPLETION OF RESOURCES

The depletion of natural resources has been the principal cause of the loss of employment in other areas.

Timberlands which have been cut over within easy range of mills have led to mill closings and reduction of employment in a number of lumber centers in the Pacific Northwest, such as Tacoma, Wash., for example, the northern peninsula in Michigan, and in certain areas of the South.

In the same way, the exhaustion of mineral resources, both of iron ore and of the nonferrous metals, has left behind virtual "ghost towns" because adequate assistance to adjust to this problem has not been available. Where activity continues, it is often on a small scale. Thus, part of the problem of unemployment in Minnesota results from the shutdown of iron mines.

These illustrations are sufficient to indicate the great variety of circumstances which may give rise to persistent unemployment, and to underscore the great importance of technical assistance in economic planning for redevelopment. It also emphasizes the importance of administrative flexibility in the application of the provisions of this legislation. For some areas, public facility loans may be the primary need; for others the retraining of workers; for still others a combined approach by several Federal agencies in helping to develop recreational facilities; for others, loans for industrial parks; for still others only technical assistance would be in order. Clearly, different approaches must be made to each locality.

THE NEED FOR FEDERAL ACTION

In its declaration of policy, the Employment Act of 1946 states:

The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purposes of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production and purchasing power.

The continuing responsibility of the Federal Government to afford useful employment opportunities and to promote maximum employment, production and purchasing power applies alike to general nationwide economic conditions, and to conditions in those unfortunate areas where unemployment and underemployment continue to exist, year after year, whatever may be happening elsewhere.

The Joint Economic Committee in its report on the "President's 1959 Economic Report," stated:

Our programs contributing to the economic progress of underdeveloped regions abroad highlight the inadequacy of public efforts to improve economic conditions in depressed and underdeveloped areas at home. We can no more afford the continuing waste of our own idle or underutilized resources in these areas than we can afford to turn our back on the problem of economic development abroad.

We therefore urge the Congress to enact a substantial program for aid to our depressed areas. * * *

The objective of such a program is to increase economically sound employment opportunities on a permanent basis for the substantial numbers of fully or partially unemployed in these depressed areas, and not to subsidize otherwise uneconomic activities. A program designed to achieve this objective will contribute to the Nation's economic growth. It will represent an investment in increasing productivity. Moreover, it will serve to reduce public outlays for unemployment compensation, relief, and various other forms of public assistance, for which no current production is received in return. The net cost of the program, therefore, will be significantly outweighed by the increase in productivity and in production toward which it is aimed.

During the last 5 years, this committee has received countless pages of testimony from officials of the States and localities in which depressed areas are located. In many of these areas, great and truly heroic efforts have been made on the State and local level to solve the problems of chronic unemployment and underemployment. But in all too many cases, even the most sincere State and local efforts have proved to be inadequate. The consequences of obsolescent and de-

served industrial plants, a reduced tax base, declining community facilities, and a labor force, large portions of which are ill trained or possess skills no longer in demand, and many of whom, suffer all the physical and psychological consequences of long-term unemployment, are more than can be overcome by State and local action without Federal assistance.

Nor will measures designed solely to end the current recession and restore general economic prosperity alleviate the economic problems of these depressed communities. These areas, therefore, must be given Federal assistance quite apart from that provided by an overall antirecession program.

The Federal Government has made some attempts in the past to aid labor surplus areas. It has developed a number of uncoordinated programs with the purpose of helping such areas. These programs include limited technical assistance, preference to firms in depressed areas in securing Government contracts and some measure of protection from foreign competition under the Buy American Act. Depressed areas are also assisted by the food distribution program of the Department of Agriculture and may benefit by the urban renewal program and by loans granted by the Small Business Administration. The rural development program conducted by the Department of Agriculture and initiated in 1956 is intended to benefit directly low-income rural areas.

Experience has shown, however, that these uncoordinated programs are totally inadequate to provide for the need of areas suffering from chronic unemployment and underemployment.

Areas of chronic distress have continued to persist.

The social capital of these areas continues to waste away.

The unemployed and underemployed continue to wait and hope for new job opportunities.

Only a comprehensive Federal program, such as proposed by S. 1, can meet the longstanding needs of depressed urban and rural areas.

COMPARISON OF COSTS

COST OF S. 1

The following table shows the new authorizations approved by the committee to carry out the purposes of S. 1:

Authorizations contained in S. 1:

Loans:

Private projects (nonrural areas)-----	\$100, 000, 000
Private projects (rural areas)-----	100, 000, 000
Public facilities for industrial or commercial purposes----	100, 000, 000

Grants:

Public facilities for industrial or commercial purposes---	75, 000, 000
Technical assistance (annually)-----	4, 500, 000
Retraining subsistence payments (annually)-----	10, 000, 000
Occupational training (annually)-----	4, 500, 000

As indicated in the table above, over three-fourths of the funds authorized would be for the purpose of making loans. The sum of \$100 million is authorized to be borrowed from the Department of the Treasury to establish revolving loan funds for each of the following purposes:

1. To make loans, up to 25 years, for private projects in non-rural areas.

2. To make loans, up to 25 years, for private projects in rural areas.

3. To make loans, up to 40 years, for public facilities for industrial or commercial projects.

In addition, the committee approved an authorization for \$75 million for grants for public facilities for industrial or commercial purposes to assist those areas in which the project could not be undertaken without grant aid.

S. 1 authorizes \$4½ million annually for technical assistance, \$10 million annually for retraining subsistence payments, and \$4½ million annually for occupational retraining.

The interest rate on the three types of loans would be at a rate which would more than cover the cost to the Federal Government of borrowing money. The interest rate on the two private type loan funds must amount to one-half of 1 percent above the amount paid to the Secretary of the Treasury, to cover losses and administrative expenses. The interest rate on the public facilities loans would be one-fourth of 1 percent above the rate paid by the Administrator to the Secretary of the Treasury. Recent rates for these two types of loans would have been approximately 4½ percent for the private type loans and around 4 percent for the public facility loans.

Thus the bulk of the expenditures under the bill will be investments of the Federal Government which should provide for a sufficient return to the Government in interest payments which should cover all costs including any losses.

THE COST OF DOING NOTHING

The persistence of high unemployment in certain areas is not merely a matter of local concern, but of national concern as well. It means, first of all, a loss of opportunity and often genuine privation for the unemployed workers and their families. It means a loss of human dignity which accompanies long idleness for men and women who want jobs, not relief.

It also means failure to utilize people, a loss of valuable man-hours of productive work, a loss of potential production of goods and services for the Nation's use. It constitutes an economic burden in a very real sense, in higher unemployment compensation payments, in relief payments, in lost revenues from taxation, and in production and income foregone.

Even in good times, such as 1956-57, unemployment in chronically distressed areas accounted for at least one-fifth of total unemployment. If the rate of unemployment in these areas could have been reduced to the national average, the jobless total would have been roughly a quarter of a million lower in 1956-57.

If, in November 1960, the rate of unemployment in these areas had been as low as the national average of 5.7 percent—a very high figure—the jobless total would have been roughly 280,000 lower.

It is difficult to estimate the amount of reduction in unemployment compensation which would occur in such areas if the unemployment were reduced only to the average for the Nation as a whole, because a higher percentage of the unemployed in areas of chronic unemployment have, by definition, exhausted their benefit rights. A rough calculation indicates that unemployment compensation payments

would have been reduced in these areas by somewhere between \$100 million and \$200 million, depending upon what proportion of people had exhausted their rights in 1960. This assumes the national average benefit payment of about \$33 per week and an average duration of payments of 22 weeks, for persons exhausting benefits in the autumn of 1960. If all 280,000 had been in a position to receive this full amount, the reduction would have been \$200 million. However, studies of earlier years have indicated that around half of the unemployed in chronically depressed areas were no longer eligible to receive unemployment compensation.

A comprehensive study of chronic unemployment covering periods of full employment in 1956-57, was prepared by the Department of Labor's Bureau of Labor Statistics for the Joint Economic Committee in January 1960, entitled "The Structure of Unemployment in Areas of Substantial Labor Surplus."

It shows that in these areas the rate of long-term unemployment, of 15 weeks or longer, in both chronically distressed areas and other areas of substantial labor surplus, is much higher than that in other areas, both in good times and bad. The differences are especially sharp for those who had been out of work for one-half of a year or longer, with a much higher rate in depressed areas.

Moreover, the characteristics of the unemployed in depressed areas and in areas of substantial labor surplus in general indicated that unemployment "had much more serious welfare implications in these areas than elsewhere."

Wherever such conditions prevail, with heads of families out of work for long periods, not only the economic but the social consequences as well are very grave.

Relief payments mount. Unfortunately, there are no comprehensive figures on the overall cost. But the eyewitness accounts by the Special Task Force on Unemployment of the lack of adequate food, clothing, and housing for families of the unemployed, especially in the small coal-mining centers, freely support earlier findings. It is no accident that the first order of President Kennedy was to increase surplus food allowances in these areas. All too often these very communities have exhausted their local resources for relief. Moreover, what is needed is not relief, but jobs.

New job opportunities in these areas will mean increased income and production which will lead to reductions in the costs of many types of public assistance expenditures as well as increased personal and business tax collections of all types at all levels of government. To the extent that an area redevelopment program is successful, there would be reductions in many types of Government expenditures and increases in the income of the Government.

MAJOR PROVISIONS OF THE BILL

ADMINISTRATION

S. 1, as amended by the committee, would create an Area Redevelopment Administration within the Department of Commerce, headed by an Administrator, appointed by the President with the advice and consent of the Senate.

The Secretary of Commerce shall serve as Chairman of the Advisory Policy Board which shall include six Secretaries of other departments

and the administrators of two independent agencies. Also the Secretary of Commerce shall appoint the National Public Advisory Committee and shall designate the Chairman of that Committee.

The committee desired to avoid the creation of a new independent agency. At the same time, the committee recognized that the task of effectively administering the area redevelopment program requires independence of action on the part of the Administrator. To assure efficiency of operations, the Administrator is authorized to issue the necessary regulations and interpretations in connection with the program and to enter directly into agreements with other governmental agencies to carry out the provisions of the act.

Although there are many departments which have substantial interest in area redevelopment, placing the Administration in the Department of Commerce assures that existing facilities and specialists within that Department will be fully utilized to avoid any possible duplication.

To achieve maximum success this program will require the full time and attention of an Administrator of the highest possible caliber. The Administrator must enjoy the complete confidence of all segments of these local areas—labor, agriculture, and business, as well as others.

The very difficult problem of area redevelopment requires a carefully integrated unified program with an Administrator directly responsible to the Congress and the President.

REDEVELOPMENT AREAS

Section 5 of the bill contains criteria to be followed by the Administrator in designating areas eligible for redevelopment assistance. Assistance under this bill is to be extended to areas where a chronic or persistent unemployment or underemployment problem exists. This bill does not purport to make assistance available to areas suffering from temporary unemployment at a low point in the business cycle. The bill is not designed to alleviate generalized unemployment. The bill is not designed primarily to alleviate individual hardship in the many areas of chronic and persistent unemployment. Many other Federal, State, and local programs are specifically tailored to meet these needs.

On the contrary, the criteria included in section 5 are intended to direct assistance under this bill to those areas which have not shared in the Nation's economic growth—areas in which there is a persistent underutilization of available resources.

Under subsection 5(a), an area may be designated in the following ways: (1) The Administrator must designate as a redevelopment area any area in which (a) the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 percent or more and has averaged at least 6 percent for the qualifying time periods specified below; and also meets the following requirements:

The annual average rate of unemployment has been at least:

(1) 50 percent above the national average for 3 of the preceding 4 calendar years, or

(2) 75 percent above the national average for 2 of the 3 preceding calendar years, or

(3) 100 percent above the national average for 1 of the 2 preceding years.

As of January 1961, the following standard labor market areas would meet these criteria:

MAJOR AREAS—TOTAL, 20 AREAS

Indiana.....	Evansville.
Massachusetts.....	Fall River, Lowell, New Bedford.
Michigan.....	Detroit, Flint.
New Jersey.....	Atlantic City.
Pennsylvania.....	Altoona, Erie, Johnstown, Pittsburgh, Scranton, Wilkes-Barre-Hazleton.
Puerto Rico.....	Mayaguez, Ponce, San Juan.
Rhode Island.....	Providence-Pawtucket.
West Virginia.....	Charleston, Huntington-Ashland, Wheeling.

SMALLER AREAS—TOTAL, 83 AREAS

Alabama.....	Florence-Sheffield, Gadsden, Jasper.
Alaska.....	Anchorage.
Connecticut.....	Ansonia, Bristol, Danielson.
Illinois.....	Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Mount Vernon.
Kansas.....	Pittsburg.
Kentucky.....	Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.
Maine.....	Biddeford-Sanford.
Maryland.....	Cambridge, Cumberland, Hagerstown.
Massachusetts.....	North Adams.
Michigan.....	Adrian, Bay City, Marquette, Monroe, Port Huron.
Minnesota.....	Brainerd-Grand Rapids, Hibbing-Virginia.
Missouri.....	Flat River, Washington.
Montana.....	Butte, Kalispell.
New Jersey.....	Bridgeton, Long Branch, Ocean City-Wildwood-Cape May.
New York.....	Amsterdam, Auburn, Gloversville, Jamestown-Dunkirk, Ogdensburg-Massena-Malone, Plattsburgh.
North Carolina.....	Fayetteville.
Ohio.....	Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Portsmouth-Chillicothe.
Oklahoma.....	McAlester, Muskogee.
Pennsylvania.....	Berwick-Bloomsburg, Butler, Clearfield-DuBois, Indiana, Kittanning-Ford City, Lewistown, Meadville, New Castle, Pottsville, St. Marys, Sayre-Athens-Towanda, Sunbury-Shamokin-Mount Carmel, Uniontown-Connellsville.
Tennessee.....	La Follette-Jellico-Tazewell.
Texas.....	Laredo.
Virginia.....	Big Stone Gap-Appalachia.
Washington.....	Aberdeen, Anacortes, Port Angeles.
West Virginia.....	Beckley, Bluefield, Clarksburg, Fairmont, Logan, Morgantown, New Martinsville, Oak Hill-Montgomery, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

The national average unemployment rates utilized for making these determinations are as follows:

National average unemployment rates

Year:	Rate	Year—Continued	Rate
1957-----	4.3	1959-----	5.5
1958-----	6.8	1960-----	5.6

Data on annual average unemployment rates for individual areas are based on information compiled from area labor market reports prepared by State employment security agencies in connection with the Bureau of Employment Security's regular program for the classification of areas according to the relative adequacy of labor supply. Reports containing such unemployment and labor force data are generally available on a bimonthly basis for the major areas, and semiannually for smaller areas. Preliminary data were utilized in some instances in determining the annual average unemployment rates.

(For more complete data on labor market areas which would meet these criteria as of January 1961, see appendix A.)

The Administrator may also, at his discretion, designate other areas as eligible for assistance where substantial and persistent unemployment has existed and which have unemployment conditions generally comparable to those of the areas of mandatory designation.

For example, this is intended to give the Administrator the necessary discretion to designate as a redevelopment area and an area which has suffered from a sudden, severe, or catastrophic loss of employment opportunity and which might not otherwise become eligible for assistance until at least a year had passed.

The Administrator would define the boundaries of these redevelopment areas which he has designated. These boundaries would not have to be identical with the standard labor market areas as defined by the Department of Labor and could include one or more States, counties, or municipalities, as well as a part of a county or municipality.

The Secretary of Labor is required to supply the information to the Administrator so that he may make the designations of areas eligible for assistance in subsection (a).

These criteria have been tailored to focus the assistance available under this bill on those nonrural areas of most severe need. It is felt that the Administrator must have some discretion in the designation of some of the areas eligible for assistance. Current and prospective data on labor-market areas may not fully define all of the relative aspects of the chronic unemployment problems that exist in certain instances. The Administrator needs a limited amount of flexibility in the discretion of redevelopment areas to insure efficient and effective utilization of the Federal funds involved.

Under 5(b) the Administrator shall also designate as redevelopment areas those areas which do not meet the criteria set forth above but which he determines are among the "highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment." The

bill specifies seven factors that the Administrator shall consider, among others, in making designations of these types of areas:

- (1) The number of low-income farm families in rural areas;
- (2) The proportion that such low-income families are to the total farm families of each of such areas;
- (3) The relationship of the income levels of the families in each of such areas to the general levels of income in the United States;
- (4) The current and prospective employment opportunities in each such area;
- (5) The availability of manpower in each such area for supplemental employment;
- (6) The extent of migration out of the area; and
- (7) The proportion of the population in each such area receiving public assistance.

(For a fuller discussion of the utilization of these criteria in order to designate areas, see appendix C, technical memorandum submitted to the Banking and Currency Committee by the Secretary of Agriculture and the discussion of the amendment to sec. 5(b) in Designation of Rural Areas.)

Although the criteria for the designation of so-called rural areas are not quantitative in nature and therefore require some discretion by the Administrator, the committee feels that the language of the bill offers sufficient policy guidelines to the Administrator. To specify overly rigid formulas for eligibility for rural areas would only deny the Administrator the necessary flexibility to carry out the intent of subsection (b).

LOANS FOR INDUSTRIAL PROJECTS

Section 6 of the bill provides for two \$100 million revolving funds, one for industrial projects in nonrural redevelopment areas, the other for industrial projects in rural redevelopment areas. These revolving funds for loans were provided because in these areas where unemployment and underemployment has been substantial and persistent, the communities own resources, including all possible sources of capital funds, have not been sufficient to make it possible to generate the needed industrial development.

This need for capital in these areas is related closer to the nationwide need for small business credit, which has occupied the attention of Congress for many years. The Small Business Administration is now providing a limited amount of assistance. State business development credit corporations and authorities and similar local organizations have attempted to provide equity capital or long-term credit for businesses in areas of chronic unemployment. However, the local capital which was available in the past frequently has been fully utilized in previous efforts to generate new business firms or in relief measures. Outside capital is doubly reluctant to venture into an area where other industries may have suffered or failed, whatever the cause may have been. In a growing economy safer investment opportunities may be available elsewhere and would seem preferable to these outside sources of private capital.

It is impossible to predict accurately the kind or number of projects, or the number of jobs which will be created by these loans. However, the requirements for an approved economic development plan and the authority of the Administrator to provide informational services and

technical assistance attempts to insure that these loan funds will be most effectively and efficiently utilized. The two \$100 million revolving loan funds would seem sufficient to finance a substantial program which would demonstrate the feasibility of the approach to area redevelopment contained in this bill. According to available data the total capital investment in the projects for which these loans are needed is likely to be a multiple of the Federal loan participation. By conservative measure, the loans authorized in section 6 should generate a total combined public and private investment of at least \$300 million. This should have a substantial impact in providing permanent jobs in these areas and laying the base for sustained economic growth. As these loans are repaid additional funds would become available for new Federal loans for future projects.

Section 6 explicitly states that Federal financial assistance shall not be extended to assist existing firms to relocate from one area to another. This provision reflects the declaration of purpose of the act—to create new employment opportunities by developing and expanding existing facilities and resources rather than merely transferring jobs from one community to another. In an expanding economy ample opportunity should be found to develop these areas of chronic unemployment and underemployment without injury to other areas of the country.

INDUSTRIAL OR COMMERCIAL PUBLIC FACILITY ASSISTANCE

Section 7 of the bill would authorize a \$100 million revolving fund to be used for loans for qualified public facilities projects in redevelopment areas. These loans could be up to 40 years and 65 percent of project cost. The funds would be borrowed from the Treasury under the same interest rate formula and other provisions applicable, in section 9 of the bill, to funds for private industrial and commercial loans. This formula presently produces a rate for Treasury borrowing of roughly 3½ percent. The lending rate would be one-quarter percent higher, or approximately 4½ percent at the present time.

At least 10 percent of the cost of any project would be required to be supplied by the State, the locality itself, or other State political subdivision, either as equity or as a loan. More than a 10-percent contribution may be required if the Administrator determines this to be desirable, after considering such factors as the financial condition of the State and local governments and the per capita income of the residents of the area. It is expected that funds would be available under the grant program in section 8 of the bill for the remaining financing on projects eligible under that section.

The loans would be available to States, political subdivisions, Indian tribes, or public or private nonprofit organizations or associations representing part or all of a redevelopment area. The projects themselves would have to be primarily for use by industrial or commercial establishments in the area and necessary for those establishments—for example, a sewage system to serve the area of a new industrial area. However, such projects would not be ineligible for assistance merely because they to a lesser extent also generally served the population of the redevelopment areas.

For a project to qualify for a loan under this section, the Administrator would also have to find that (1) it will tend to improve the

opportunities in the redevelopment area for the establishment or expansion of industry or commerce and will provide a lasting increase in employment opportunities; (2) the funds are not otherwise available on reasonable terms; (3) enough funds will be available to complete the project; (4) there is reasonable expectation of repayment, and (5) the project is consistent with an approved economic development program of the type described in section 6.

Many examples of the kinds of public facilities which might be built under these programs have been presented to the committee; for example, water systems to supply industrial water for factories, sewer systems to carry away industrial wastes, generating plants to supply industrial power, piers and other related public facilities for seafood production.

Where necessary to encourage participation in the project by other lenders or investors the Federal loans may be made subordinate both in security and repayment.

Loans are specifically prohibited for any public facility which will compete with a privately owned but publicly regulated public utility, in reference either to existing or to planned facilities.

In many redevelopment areas the provision of additional public facilities will be an essential prerequisite to attracting the urgently needed additional industrial and commercial facilities. Where credit is unavailable to a community, or available only at high rates of interest, the loan funds provided under this bill will be of substantial assistance. Public facility projects not eligible for assistance under this provision but essential to a community may still qualify for assistance under the existing public facility loan program of the Housing and Home Finance Agency.

Section 8 of the act would authorize the appropriation of \$75 million for grants to provide additional financing for eligible public facilities projects, which will fulfill a pressing need in the area and for which there is otherwise little probability that the projects can be undertaken. The grants would be limited to any funds not practically obtainable from other sources, including loans under section 7. Other applicant and project eligibility requirements would be the same as in the case of loans.

These grant funds would be used only as a last resort, where the Federal loan funds, combined with other financing practically available to the locality, are insufficient to complete the project.

FUNDS FOR LOAN PROGRAMS

S. 1 contains three revolving funds for loan programs and, in addition, it contains grants and authorizations for direct expenditures and administrative expenses.

The grant program and the authorizations for direct expenditures and administrative expenses would be financed through appropriations. These expenditures would not be recouped, and the appropriations process is the correct way to finance them.

In the case of the three \$100 million revolving funds for loans to private enterprises and to public and nonprofit organizations, S. 1 would authorize the Administrator to borrow the needed funds from the Secretary of the Treasury through public debt transactions. The Administrator would pay interest to the Treasury, and he would be

required to charge interest on the loans he made in sufficient amounts to pay the Treasury and provide leeway for administrative expenses, and losses on the private loans.

The use of the borrowing authority to finance revolving loan funds is the businesslike way to carry out these loan programs. It provides for continuity in the program.

The public debt transaction is a tried and tested method of financing governmental loan programs which has demonstrated its superiority for financing certain types of programs. Among the agencies and programs financed in part or entirely by this method have been the Commodity Credit Corporation, the Federal Farm Mortgage Corporation, the Federal Public Housing Authority, the Home Owners' Loan Corporation, the Reconstruction Finance Corporation, the Tennessee Valley Authority, the Export-Import Bank of Washington, the International Bank for Reconstruction and Development, and the Federal Home Loan Bank Board. There are many others.

The Congress will have ample opportunity to review and scrutinize activities under this act. Under section 9(b) the Administrator will be required to prepare annually and submit a budget program under sections 102, 103, and 104 of the Government Corporation Control Act. The budget program must contain estimates of the financial condition and operations, and a statement of financial condition, a statement of income and expenses, a statement of sources and application of funds, estimates of operations by major types of activities, estimates of administrative expenses and borrowings, and other financial information. This must be transmitted to the Congress as a part of the President's annual budget.

The Banking and Currency Committees under the Legislative Reorganization Act of 1946 will have a duty to watch over the activities of the Administrator. And furthermore, the new section 27 specifically requires the Senate Banking and Currency Committee to make a complete review of the administration of the act after it has been in effect 2 years and to report to the Senate on this review and to make such recommendations as it deems advisable.

INFORMATION AND TECHNICAL ASSISTANCE

The bill directs the Administrator to provide assistance, technical information, market research, and other forms of advice available from the Federal Government which would be useful in alleviating unemployment and underemployment both in redevelopment and other areas. In addition, the Administrator is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment to areas which he has designated as redevelopment areas and to other areas which he finds have substantial need for such assistance. Such assistance would include studies evaluating the needs of and developing potentials for economic growth for such areas and could be conducted either by the Administrator's staff or by employing individuals, firms, or institutions. For example, State universities and land-grant colleges might be in a position to make a substantial contribution to the development of areas by this means. Appropriations up to \$4.5 million annually are authorized for this program.

The sound redevelopment of a depressed area should be based on careful planning. Early in the program, a technological audit should

be made to determine the types of economic activity which would contribute to sound and lasting growth.

A well-planned and carefully executed technological audit should show how the resources of an area could be put to their optimum use. The audit would not be limited to natural resources, although the best use of these should be carefully explored. Recent experiments in the use of coal as a raw material for the chemical industry and in the development of synthetic fuels hold much promise for a revival of the coal industry in some areas currently depressed. Instead of mining coal to be shipped to industrial centers as fuel, however, various types of chemical plants could be attracted to the coalfields since there would be substantial weight loss in the extraction of synthetic gases and chemicals from coal. Experimental work along these lines is now in progress. It could be hastened, however, by financial and technical assistance to labor surplus areas.

Some depressed areas are poorly endowed with natural resources, however, and in other basic resources have been largely depleted. Here the problem would be to discover the locational advantages of these communities for various types of processing, fabricating, and research activities. Specialists in industrial location could help determine the advantages which such locations have to offer to expanding industries. Their analysis would be based on long-term fundamental advantages, and not short-term inducements often artificially created.

Businesses now operating in depressed areas could be encouraged to expand. Many types of specialists could assist in this. Industrial engineers, cost accountants, marketing specialists and others could assist small firms to increase their efficiency and to develop new products and services.

Experts in city planning and, in particular, in the development of community facilities can assist in appraising the adequacy of these facilities—for example, sewer and water systems, access roads and other essential community installations. Testimony before the committee indicates that the absence of adequate modern facilities is often one of the most important deterrents to location of new industry.

The surveys of the skills of the local labor force constitute another form of technical assistance which is very important in appraising the type of activity which is suitable for an area.

URBAN RENEWAL AND PLANNING AID

In addition to other types of Federal assistance under S. 1, section 14 makes it impossible for redevelopment areas to participate more fully in the Federal urban renewal program. Under existing law, this program is available to localities which have undertaken a program to clear and redevelop slums and to rehabilitate blighted areas. Upon compliance with the policies and procedures of the Housing and Home Finance Administrator, a locality may obtain Federal financial assistance in the form of advances, loans and grants for the planning and undertaking of urban renewal projects. Federal advances are used to defray planning and other initial expenses. Temporary loans are used as working capital, largely to acquire land and to pay administrative overhead, and both loans and advances are

repaid from the proceeds of land and the Federal grant. Federal grants may not exceed two-thirds of the aggregate net project costs (or three-fourths in the case of a project undertaken on a so-called three-fourths basis).

Historically, the urban renewal program is related primarily to the clearance, rehabilitation, and redevelopment of residential areas. To assure that urban renewal activity is confined largely to residential renewal, section 110(c) of the Housing Act of 1949, as amended, now provides:

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses.

Existing law provides an exception to this rule

* * * if the governing body of the local public agency determines that the redevelopment of such an area (not predominantly residential in character and not to be redeveloped for predominantly residential uses) for predominantly nonresidential uses is necessary for the proper development of the community.

In such cases, the Housing Administrator may extend financial assistance, but the aggregate amount of capital grants for such projects may not exceed 20 percent of the total amount of capital grants authorized by the Housing Act of 1959 and subsequent acts.

Section 14 adds a new section 113 to title I of the Housing Act of 1949. Subsection (a) of the new section 113 provides Federal financial assistance whenever the Area Redevelopment Administrator certifies to the Housing Administrator that the municipality is located in an area designated as a redevelopment area and that there is a reasonable probability that such assistance will achieve more than temporary improvement in the economy.

Subsection (b) waives the "predominantly residential" limitations of section 110(c) for projects in a redevelopment area but the volume of capital grants authorized for such projects is governed by subsection (e).

Subsection (c) authorizes the disposition of land designated for industrial or commercial uses to any public agency or nonprofit corporation at fair value for subsequent disposition for uses in accordance with the plan. Under present law, purchasers or lessees of project land, together with their assignees, must agree to commence the improvements required by the urban renewal plan within a reasonable time and must be obligated to devote the land to the uses specified in the plan. Subsection (c) provides that only purchasers or lessees from the public agency or nonprofit corporation, and subsequent developers, shall be required to assume the obligations relating to the commencement of improvements. This provision permits a local public agency to dispose of certain project land to a public body or nonprofit corporation to hold for subsequent disposition to a redeveloper.

Subsection (d) authorizes the Housing Administrator to exercise all the authority vested in him to complete a project commenced with

financial assistance obtained under this section, even though the determination is made that the area is no longer a redevelopment area.

Subsection (e) provides that the present limitation on the aggregate amount of capital grant authorizations for nonresidential exception projects may be increased by 10 percent of the aggregate amount of new grant authority provided after September 23, 1959, whenever the Housing Administrator determines such an increase to be necessary to provide assistance under this section.

As stated previously, present law permits 20 percent of the aggregate amount of grants authorized for urban renewal purposes after September 23, 1959, to be used for assisting projects which are classified as exceptions to the predominantly residential requirement. Section 14 may be expected to increase the demand upon capital grant authorizations under the exception for nonresidential projects being redeveloped for nonresidential uses. Since earmarking and reservations for nonresidential exception projects have exhausted the available grant authority which may be used for such projects under the 20-percent limitation, subsection (e) authorizes the 10-percent increase, which amounts to \$65 million on the basis of existing grant authorizations.

If additional funds are made available for urban renewal grants during the present session of Congress, 20 percent of these new funds will become available for nonresidential urban renewal projects. The purpose of subsection (e) is to give the Housing Administrator a call upon at least 10 percent of any new grant authority for the purpose of assisting projects undertaken pursuant to this section.

Essentially, S. 1 is designed to establish various types of programs which would be effective in alleviating substantial and persistent unemployment in redevelopment areas. Admittedly, the urban renewal program is not specifically designed to alleviate unemployment. Nevertheless, it can generate a considerable amount of economic activity through the acquisition and disposition of land, the demolition and clearance of slums and blighted areas, the construction of project improvements and public facilities, the repair and improvement of buildings in a project area scheduled for rehabilitation and the redevelopment of areas that are prepared and available for new construction.

It has been argued that despite the close association of the urban renewal program with clearance of residential slums and the improvement of housing standards and living conditions, it is also important to provide employment and income for the individual in order to permit him personally to improve his living standards. The exception to the predominantly residential requirement seeks to achieve this objective.

URBAN PLANNING GRANTS

Section 15 of the bill would amend section 701 of the Housing Act of 1954 to permit an urban planning grant to be made directly to cities, other municipalities, and counties in a redevelopment area. As a general matter under present law, only cities, other municipalities, and counties having a population of less than 50,000 are eligible for an urban planning grant, and then only through a State planning agency. Larger cities and counties can generally receive the assistance of such grants only through the work of metropolitan or regional planning agencies.

It is the intention of this section to encourage small cities and counties in a redevelopment area to take full advantage of the urban planning grant assistance program without the time-consuming delays that would be necessary if they had to comply with existing law and make their applications through a State planning agency. It is also intended to permit cities and counties with a population of 50,000 or more that are situated in a redevelopment area to share in the benefits of this program. This section also authorizes an increase in the amount of the grant to 75 percent of the estimated cost of the planning work. Since the communities sought to be assisted are generally least able to provide the local share of the planning costs, the committee believes that this liberalization of the sharing ratio for cities and counties located in a redevelopment area is necessary.

OCCUPATIONAL RETRAINING AND SUBSISTENCE PAYMENTS

In areas where the principal industry has left or the facilities are obsolete, or where the area never reached an advanced state of development, it will be important to provide vocational and job training and retraining for the people of the area. Determination of the types of new industries which can effectively be manned by the areas' labor force cannot be made until its characteristics and occupational potentialities are known.

Accordingly, the Secretary of Labor is authorized to make studies of the skills, adaptability, characteristics, and occupational potentialities of the labor force in any redevelopment area. After an area has an approved economic development program, the Secretary of Labor shall determine its occupational training or retraining needs and shall cooperate with the Secretary of Health, Education, and Welfare and existing State and local agencies to make vocational training services available. In areas where educational facilities are needed, the Secretary of Health, Education, and Welfare is to provide assistance, including financial assistance where necessary, to the appropriate State vocational educational agencies or through educational institutions if the State agency is unable to provide the facilities or services needed.

Provision is made for the orderly selection and referral of trainees from among the unemployed who reside in the redevelopment area. To the extent that suitable opportunities for employment and applicants for training can be matched, training of unemployed individuals residing in redevelopment areas for job opportunities in other areas is authorized. Appropriations up to \$4.5 million annually are authorized for this program.

In recognition of the fact that the unemployed in need of occupational retraining may also be in need of a minimum level of income until they can be retrained for useful employment, the bill authorizes a program of retraining subsistence payments. The payments will be made by the States in which redevelopment areas are located under agreements entered into by the States and the Secretary of Labor. The States will act as agents of the United States while making these payments with Federal funds. The amount of the retraining subsistence payments will be equal to the average weekly unemployment compensation payment payable in the State making such payments. The payments will be made only for the period a trainee is receiving

occupational training or retraining, but no trainee shall receive such payment for more than 16 weeks. An annual appropriation of \$10 million is authorized for retraining subsistence payments.

In a growing and changing economy, new technology, shifts in consumer preferences, and changes in resource use will always cause shifts in the kinds of skills needed in local labor markets. In many labor market areas, these resulting shifts in jobs by workers occur automatically with a minimum of hardship for the individuals involved. In many other areas, however, workers have been left without any alternative employment opportunities either because their skills are now obsolete or because of the deterioration of the economic base of the area. The criteria in section 5 are designed so that the retraining and subsistence assistance is directed at and limited to those areas in which these automatic shifts in employment have not occurred. The training and subsistence payments programs will assist the mobility of labor from obsolete or unneeded skills into more productive employment. These programs will complement free market forces by assisting the private market mechanism to respond more quickly and more effectively to structural changes in the economy.

Economic history (including experience in recent years with foreign assistance programs) has pinpointed the necessity of a fully utilized and highly skilled labor force as a fundamental determinant of sustained economic growth.

USE OF OTHER AGENCIES AND DELEGATION OF FUNCTIONS

Section 24 of the bill specifies that the Administrator may use the available services and facilities of other Federal agencies and instrumentalities, to the extent practicable and with their consent, on a reimbursable basis. Where the duplication of existing staffs and facilities would be thereby avoided, the section requires such use. Many facilities of the Department of Commerce could be utilized to assist the Administrator in the performance of his duties. Provision is also made for the transfer of funds authorized under this bill and the hiring of new supergrade personnel, in accord with any such transfer of functions.

Under section 25, the Administrator may, with Presidential approval, delegate functions under this bill to other agencies.

These provisions will assure the full use of the experienced staffs administering existing Federal programs similar to those proposed in this bill. Thus, for instance, the Housing and Home Finance Agency, which administers a public facility loan program under existing law, could be utilized to assist in making the loans and grants under sections 7 and 8 of the bill. The Small Business Administration and the Department of Agriculture could assist in making private type loans under these sections. The Department of Commerce is well equipped to perform numerous functions in cooperation with the Administrator. These provisions are desirable in the interest of prompt action, efficiency, and economy.

However, in the interest of simplifying administration of the program and relieving the communities, regions, and States of any undue burden general pervuew of the entire program should, so far as possible, be vested in the Area Redevelopment Administration. It is

vital that we do not force these areas which seek assistance to shuttle around from one Government agency to another to attain proper attention to their needs.

SECTION-BY-SECTION SUMMARY

SECTION 1. SHORT TITLE

This section would provide that the act may be cited as the "Area Redevelopment Act."

SECTION 2. DECLARATION OF PURPOSE

This section would declare it to be the purpose of the bill to provide Federal help for areas needing economic redevelopment so that they can expand their economic activities and alleviate the substantial unemployment and underemployment that prevail within such areas. This would be accomplished by assisting communities, industries, enterprises, and individuals to create new employment opportunities by developing and expanding new and existing facilities and resources, rather than merely transferring jobs from one community to another.

SECTION 3. AREA REDEVELOPMENT ADMINISTRATION

This section would establish an Area Redevelopment Administration in the Department of Commerce. The Administration would be headed by an Administrator appointed by the President and subject to confirmation by the Senate. The Administrator would receive a salary of \$20,000 a year.

SECTION 4. ADVISORY POLICY BOARD

Subsection (a) would create an Area Redevelopment Advisory Board to advise the Administrator in the performance of his functions under the bill. The Board would be composed of the Secretary of Commerce, as Chairman, and seven other department and agency heads whose functions are related to (or could assist in) the improvement of economic conditions in redevelopment areas. Any member of the Board could designate an officer of his agency to act for him as a member of the Board. The Chairman could invite other interested officials in the executive branch to participate in the functions of the Board.

(b) Would require the Secretary of Commerce to appoint a 25-member National Public Advisory Committee on Area Redevelopment, to be composed of representatives of labor, management, agriculture, State and local governments, and the general public, one of whom would be designated as Chairman by the Secretary of Commerce. This Committee would be required to meet at least twice a year and make recommendations to the Secretary of Commerce from time to time, to assist him in carrying out his duties under the bill.

(c) Would authorize the Administrator to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in redevelopment areas.

SECTION 5. REDEVELOPMENT AREAS

The bill recognizes two types of redevelopment areas which will be eligible to receive Federal assistance under this bill.

Under subsection (a) nonrural areas may be designated as redevelopment areas in any one of the following ways: (i) the Administrator may, at his discretion, determine, upon the basis of standards generally comparable with those in (1) and (2) below, that a given area has been subject to substantial and persistent unemployment for an extended period of time and designate the area an industrial redevelopment area; or (ii) the Administrator must designate an industrial area as an industrial redevelopment area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 percent or more and has averaged at least 6 percent for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least (a) 50 percent above the national average for three of the preceding four calendar years, or (b) 75 percent above the national average for two of the preceding three calendar years, or (c) 100 percent above the national average for one of the preceding two years.

The Secretary of Labor is responsible for providing the information the Administrator will use in making these designations.

Areas adversely affected by trade agreements concerning which the President has notified the Administrator under section 5(f) are given special consideration for designation as industrial redevelopment areas.

(b) Sets forth the criteria for rural redevelopment areas (including Indian reservations). The Administrator is directed to designate as redevelopment areas those areas which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making these designations, and before making any loans as the result of these designations, the Administrator must, by regulation, prescribe detailed standards upon which designations under the subsection must be based. In the formulation of these standards, the Administrator is required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the proportion of such low-income families to the total farm families of each of such areas, the relationship of the income levels of families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each area, the availability of manpower in each area for supplemental employment, and the proportion of the population receiving public assistance.

In designating areas under subsection 5(b), the Administrator must endeavor to distribute the projects widely among the States, so far as is feasible and proper, in order to give as wide a variety of experience with these programs as possible.

In making determinations concerning redevelopment areas, the Administrator is to be guided, but not conclusively governed, by studies made and the available information compiled by the various Federal agencies, State and local governments, universities, and private organizations.

Under (c) the Administrator may request from the Secretary of Labor, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior, and other heads of agencies special studies and such information and data as he deems necessary to enable him to make the determinations provided for in this section. The Administrator is required to reimburse these agencies for expenditures which they incur in connection with filling his requests.

(d) Defines the term "redevelopment area" to mean any area within the United States which has been designated by the Administrator as a redevelopment areas. This provision limits the benefits of the act to the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

SECTION 6. LOANS AND PARTICIPATIONS

Under subsection (a) the Administrator is authorized to make loans (including participations), to assist in the purchase or development of land and facilities (including machinery and equipment incomes of demonstrated need) for industrial use, or for the construction, rehabilitation, or alteration of industrial plants. This assistance shall not be extended for (1) working capital or (2) to assist establishments relocating from one area to another.

Clause (2) above shall not be construed to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch, affiliate, or subsidiary, provided that such assistance will not substantially decrease employment in the area of original location.

(b) Imposes the following restrictions:

(1) The total amount of loans and participations outstanding at any one time in redevelopment areas designated under section 5(a) must not exceed \$100 million. Similar provisions are made for redevelopment areas designated under 5(b).

(2) The assistance may only be extended to applicants which have been approved for the purpose by an agency of the State or its political subdivision concerned with problems of economic development in the State or subdivision.

(3) The project will provide more than a temporary alleviation of unemployment or underemployment.

(4) The assistance may only be extended if such financial assistance is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) The Administrator shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) There must be reasonable assurance of repayment.

(7) The length of the loan may not exceed 25 years.

(8) The interest must be one-half of 1 percent above the amount paid to the Secretary of the Treasury, to be used to cover administrative expenses and to provide for losses on loans.

(9) The assistance must not exceed 65 percent of the cost to the applicant, excluding other Federal aid, and the following conditions must be observed:

(A) Enough funds must be available to complete the project;

(B) At least 10 percent of the cost must be supplied by the State or a subdivision, community or area organization, as equity capital, or as a loan;

(C) In the case of a project in a redevelopment area designated under 5(a) not less than 5 percent of the cost must be supplied by nongovernmental sources;

(D) To the extent necessary the Federal financial assistance may be repayable after other loans made in connection with the project and in accordance with this section have been repaid in full.

(10) An overall program for the economic development of the area must have been approved by the Administrator and a finding must be made by the State or a subdivision that the project is consistent with the program.

(c) Creates a revolving fund of \$100 million for projects in redevelopment areas designated under section 5(a) and another revolving fund of \$100 million for projects in redevelopment areas designated under section 5(b).

SECTION 7. PUBLIC FACILITY LOANS FOR INDUSTRIAL OR COMMERCIAL PURPOSES

Subsection (a) loans for public facilities may be made on the application of a State or a political subdivision thereof, or an Indian tribe, or a private nonprofit or public organization or association representing a redevelopment area. The loan may be made for the purpose of financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within the redevelopment area.

(1) The project must provide more than a temporary alleviation of unemployment or underemployment, and must tend to improve the opportunities in the area for the successful establishment or expansion of industrial or commercial plants or facilities.

(2) The loan may not be granted if funds are available from other sources on reasonable terms.

(3) The amount of the loan plus other available funds must be sufficient for completion of the project.

(4) There must be a reasonable expectation of repayment.

(5) The area has an approved economic development program and the proposed project is consistent with that program.

(b) The loan is limited to 65 percent of the aggregate cost of the project, and it must mature within 40 years. The interest rate is to be one-quarter of 1 percent above the rate of interest paid by the Administrator to the Secretary of the Treasury.

(c) The Administrator must require that at least 10 percent of the cost of the project shall be supplied by the State (or any political subdivision thereof) as equity capital, or as a loan.

(d) The Federal loan may be subordinate to other loans made in connection with the project and in accordance with this section.

(e) Prohibits financial assistance to a public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(f) A revolving fund of \$100 million is set up, from funds borrowed from the Treasury.

SECTION 8. PUBLIC FACILITY GRANTS FOR INDUSTRIAL OR COMMERCIAL PURPOSES

Subsection (a) authorizes the Administrator to make studies of the needs for public facilities to meet industrial or commercial needs in the various redevelopment areas and to make grants for the acquisition or development of land for public facility usage in redevelopment areas, and for the construction, rehabilitation, or improvement of public facilities in such areas.

(b) A grant may be made only pursuant to a proposal (showing the proposed project, its cost, and the proposed local contributions) received from the State or local government, Indian tribe, or from a public or private nonprofit organization representing the redevelopment area.

Before the Administrator approves a grant he must find that (1) the proposed project will provide more than a temporary alleviation of unemployment or underemployment in the area, and will tend to promote industrial or commercial development, (2) the entity requesting the grant will contribute to the cost of the project in proportion to its ability, (3) the project is urgently needed in the area and could not be undertaken without such a grant. No such grant could exceed the difference between the total cost of the project and the amount available for it from other sources (including loans under sec. 7 of the bill), and (4) the area for which a project is to be undertaken has an approved economic development program and the project is consistent with that program.

(c) Directs the Administrator to issue regulations to insure that Federal funds made available for public facility projects under this section are not wasted or dissipated.

(d) Imposes a restriction on grants for public utilities like the restrictions imposed on loans under subsection 7(e) described above.

(e) Would authorize an appropriation not exceeding \$75 million for public facility grants under this section.

SECTION 9. FUNDS FOR LOANS

Subsection (a): This section would authorize the Administrator to obtain funds for making loans under sections 6 and 7 of the bill by borrowing from the Treasury in amounts not exceeding \$300 million outstanding at any one time. The interest rate on the notes and obligations representing this borrowing would be determined by the Secretary of the Treasury at a rate not greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The amounts thus obtained from the Treasury would be used to establish the revolving funds provided for in sections 6 and 7 of the bill.

(b) The Administrator shall—

- (1) Prepare and submit annually a budget program, and
- (2) Determine the character of and the necessity for obligations and expenditures and the manner in which they are paid.

SECTION 10. INFORMATION

The Administrator is authorized to extend to parties located in redevelopment areas and other areas technical information, market research data, and other forms of assistance obtainable from the various Federal agencies which might be useful to the areas in expanding employment or preventing excessive unemployment or underemployment.

In addition, the Administrator is directed to furnish Federal procurement agencies addresses of businesses located in redevelopment areas desirous of obtaining Government contracts. The lists shall specify the supplies and services in which the designated firms are engaged.

SECTION 11. TECHNICAL ASSISTANCE

This section authorizes the Administrator to offer technical assistance to redevelopment areas and to other areas which have need of such assistance to alleviate or prevent excessive unemployment or underemployment. Such technical assistance might consist of data concerning the resources and the economic potential of the areas and other information that may help the economic growth of these areas. The assistance may be provided directly through members of the staff of the Area Redevelopment Administration or through contracts with private individuals, partnerships, firms, corporations, or institutions. An amount not to exceed \$4.5 million annually is appropriated under this section.

SECTION 12. POWERS OF ADMINISTRATOR

This section provides the Administrator with the administrative powers needed to carry out the area redevelopment program under the bill. The Administrator is authorized by this section to engage in such business transactions, and to take such action to acquire, dispose of, and otherwise deal with both real and personal property and to enforce any rights, claims, and obligations, as may be necessary or appropriate in connection with the performance of his duties under the bill; procure the temporary help of experts or consultants; and to establish such rules and regulations as may be appropriate in carrying out the provisions of the bill.

SECTION 13. TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

Under this section the Administrator is required to terminate the eligibility for area redevelopment assistance when he finds the economic conditions within the area have improved to the extent that the area is no longer eligible for designation under section 5.

An area may be redesignated as a redevelopment area, if the economic conditions within the area deteriorate to qualify it again for redevelopment assistance. No action in terminating the eligibility of an area to receive aid under this bill will affect the validity of any contracts entered into prior to the termination of eligibility.

SECTION 14. URBAN RENEWAL

This is an amendment to title I of the Housing Act of 1949 and will be designated as section 113 of that act.

Subsection (a) provides financial assistance to local public agencies in any otherwise eligible municipality where the Area Redevelopment Administrator certifies to the Administrator (HHFA) that—

(1) the municipality is situated in an area designated as a redevelopment area; and

(2) there is a probability that such assistance will contribute to more than temporary improvement in economic development.

(b) Waives the “predominantly residential” requirement of section 110(c) of title I of the Housing Act of 1949 and the limitations of section 110(c) concerning projects for nonresidential uses.

(c) Authorizes disposition of land under this section to any public agency or nonprofit corporation for subsequent disposition provided that—

(1) such disposition shall be made to the public agency or nonprofit corporation at fair market value for uses in accordance with the urban renewal plan;

(2) subsequent purchasers shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) of title I of the Housing Act of 1949. (Sec. 105(b) requires developer to proceed with development or redevelopment promptly and in accordance with an approved plan.)

(d) Permits the Administrator to continue financial assistance to complete a project even though the area in which the project is located may no longer be a redevelopment area.

(e) An additional 10 percent of new grant authority provided after September 23, 1959, may be used, under certain conditions, for non-residential redevelopment projects.

SECTION 15. URBAN PLANNING GRANTS

Subsection (a) amends section 701 of the Housing Act of 1954 so as to make planning grants available to communities in redevelopment areas with a population in excess of 25,000.

(b) Grants may be made for not more than 75 percent of the cost of the planning.

SECTION 16. OCCUPATIONAL TRAINING

Subsection (a) provides that the Secretary of Labor may undertake studies of the labor force in any redevelopment area.

(b) The Secretary of Labor in consultation with the Administrator is required to determine the retraining needs in redevelopment areas with approved economic development programs. The Secretary of Labor shall notify the Secretary of HEW of the training requirements of the area, shall select those individuals for retraining and in cooperation with those agencies already performing occupational training, shall see to it that all available facilities are being utilized for the purposes of this section.

(c) If the Secretary of Labor finds that additional training or retraining facilities are needed in a redevelopment area, the Secre-

tary of Health, Education, and Welfare is required to assist the State vocational agency in acquiring the needed vocational facilities or services. The Secretary of HEW may also enter into contracts, after due consultation with the State vocational agency, with public or private educational institutions to provide the needed facilities or services.

(d) The Secretary of Labor is required to provide technical assistance for setting up apprenticeship training facilities.

(e) Authorizes an annual appropriation of not more than \$4,500,000 for occupational training.

SECTION 17. RETRAINING SUBSISTENCE PAYMENTS

Subsection (a): The Secretary of Labor may enter into agreements with States where redevelopment areas are located providing for weekly subsistence payments to unemployed or underemployed persons undergoing retraining, who are not eligible to receive unemployment compensation. The subsistence payments made to any individual are limited to 16 weeks and shall be equal to the average weekly unemployment compensation benefits paid in the State.

(b) Denies retraining payments to individuals who are receiving unemployment compensation under the Social Security Act or under any other Federal or State employment law.

(c) The agreements with States may contain provision to promote effective administration and protect the United States against loss. Determination by appropriate officers or agencies concerning eligibility of individuals for retraining payment shall be final and conclusive subject to the rules and regulations of (d) below.

(d) The Secretary of Labor and the Administrator shall prescribe the rules and regulations needed to carry out the provisions of subsection (a).

(e) An annual appropriation not to exceed \$10 million is authorized for retraining subsistence payments.

SECTION 18. PENALTIES

Subsection (a) makes it a crime to knowingly make a false statement or willfully overvalue a security for the purpose of obtaining a loan or of influencing any action of the Administrator or to obtain money, property, or anything of value under the act.

(b) makes it a crime for any employee or agent of the Administrator to embezzle or misapply any money or securities, or make any false entries, or to issue or assign notes or other documents with intent to defraud, or to participate or share in any loan or contract made by the Administrator with intent to defraud, or to give out any unauthorized information about the actions or plans of the Administrator, or to invest or speculate in the securities of a company receiving assistance from the Administrator.

Violation of the above is punishable by a fine not to exceed \$10,000 or imprisonment for not more than 5 years, or both.

SECTION 19. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

This section provides that a loan may not be made to a business enterprise unless the names of the attorneys and agents expediting the application and the fees paid to them are certified to the Administrator and unless an agreement is executed requiring the firm to refrain from employing or offering to employ or retain the professional services of an employee of the Administrator who exercised discretionary power at the time the assistance was granted or during the preceding year.

SECTION 20. RECORD OF APPLICATIONS

The Administrator is required to keep a public record of the approved applications, with the name or names of the applicants and the amount, duration, and purposes of the loan, and the security given.

SECTION 21. PREVAILING RATE OF WAGE, 40-HOUR WEEK AND 8-HOUR DAY

This section requires the Administrator to insure that all laborers and mechanics employed by contractors and subcontractors on projects undertaken by public applicants assisted under the act (1) be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor under the Davis-Bacon Act and (2) receive time and one-half for hours worked during a week in excess of 40 and for hours worked in a day in excess of 8. In order to coordinate the administration and enforcement of these standards, Reorganization Plan No. 14 of 1950 (giving the Secretary of Labor coordinating authority over these enforcement activities of the contracting agencies) and the Copeland Act (prohibiting employers from defeating the standards through kickbacks) are made applicable.

SECTION 22. ANNUAL REPORT

This section requires the Administrator to submit a detailed and comprehensive semiannual report to the Congress, beginning with the fiscal year ending June 30, 1962. The report shall show, among other things, (1) the number of unemployed persons in redevelopment areas; (2) the loans outstanding under the act, the expenditures through grants and other forms of assistance, and the administrative expenses incurred; (3) the number of applications pending and the assistance requested therein; (4) the number of enterprises which have commenced or expanded operations in redevelopment areas by reason of assistance under the act, their asset value, and whether each enterprise is wholly new, has moved from another area, or is a branch of an existing business located elsewhere; (5) the number of jobs created in each area through assistance under the act; (6) the sum obtained by dividing the Federal assistance under the act, including administrative expenses, by the number of jobs created through such assistance; (7) the number and size of Government procurement contracts placed in redevelopment areas; and (8) the amount and duration of employment therefrom. The various procurement agencies, upon the

request of the Administrator, are directed to furnish the Administrator such information as may be necessary to enable him to carry out his duties under this section.

SECTION 23. APPROPRIATIONS

This section provides authorization for appropriations necessary to carry out the provisions of the act.

SECTION 24. USE OF OTHER FACILITIES

Subsection (a) requires the Administrator to use available services and the advice of other Government agencies on a reimbursable basis, to the extent practicable and with their consent.

(b) Requires Government agencies to exercise their powers, duties, and functions so as to assist in carrying out the objectives of the act.

(c) Funds appropriated for specific purposes may be transferred within the Government.

(d) Authorizes the Administrator to create one supergrade position which he may assign to another agency performing functions he has delegated to that agency.

SECTION 25. DELEGATION OF FUNCTIONS

The Administrator, with the approval of the President, is authorized to delegate appropriate functions to other Government agencies.

SECTION 26. RECORDS AND AUDITS

This section requires borrowers under sections 6 and 7 to keep records of their activities and to allow the Administrator and the Comptroller General access to their records.

SECTION 27. REVIEW OF ADMINISTRATION OF ACT

The Senate Banking and Currency Committee, or a subcommittee thereof, must, after the expiration of 2 years from the enactment of the act, make a full and complete study and investigation of its administration. The committee must report to the Senate, as soon as practicable thereafter, the results of the study and investigation, together with its recommendations.

SECTION 28. DEFINITIONS

This section contains definitions of the terms "State" and "United States." The States, the District of Columbia, and the Commonwealth of Puerto Rico would be included.

PRINCIPAL AMENDMENTS

ANTIPIRATING PROVISIONS

As introduced, S. 1's "Declaration of purpose" stated that under the provisions of the proposed act—

new employment opportunities should be created by developing and expanding new and existing facilities and resources *without substantially reducing employment in other areas of the United States.* [Emphasis added.]

Similarly, in section 6(a), "Loans and participations," S. 1, as introduced, stated that Federal financial assistance for industrial or commercial projects—

shall not be extended for working capital, or to assist establishments relocating from one area to another *when such assistance will result in substantial detriment to the area of original location by increasing unemployment.* [Emphasis added.]

During the subcommittee hearings, concern was expressed that these restrictions against the use of Federal funds for so-called industry pirating were not strong enough to be effective, and placed an impossible burden upon the Administrator who would be called upon to determine how many lost jobs in a community constituted "substantial detriment."

Senators Bush, of Connecticut, and Muskie, of Maine, jointly proposed amendments to meet this problem. In the "Declaration of purpose," the language was amended to read that—

new employment opportunities should be created by developing and expanding new and existing facilities and resources *rather than merely transferring jobs from one community to another.* [Emphasis added.]

Section 6(a) was amended to provide that—

Such (Federal) financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another.

Additional language was added as follows:

The limitation set forth in clause (2) above shall not be construed to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch, affiliate or subsidiary: *Provided, That such assistance will not substantially decrease employment in the area of original location.*

The committee intends that these amendments be strictly construed, and that the Administrator, through appropriate regulations, guard against attempts to evade their purpose. They are intended to prohibit, without qualifications, Federal financial assistance for "relocating" an existing business enterprise from one area to another. These provisions are not intended to prohibit assistance for expansion of existing businesses to new areas through the establishment of new branches, affiliates or subsidiaries. Prior to granting assistance for such expansion the Administrator must determine that the proposed

move will not substantially decrease employment in the area of original location.

ADMINISTRATION

S. 1, as introduced, would have established, within the executive branch of the Government, an Area Redevelopment Administration, under the direction and control of an Administrator appointed by the President, by and with the advice and consent of the Senate. The principal powers and functions of the act would have been vested in the Administrator. The Administrator would have been chairman of an Area Redevelopment Advisory Board composed of Cabinet members and agency heads and he would have appointed a National Public Advisory Committee on Area Redevelopment.

Under S. 1, as reported, an Area Redevelopment Administration would be established in the Department of Commerce. This Administration would be under the direction and control of an Administrator appointed by the President, by and with the advice and consent of the Senate. The principal powers and functions created by the act would be vested in this Administrator. The Secretary of Commerce would be the chairman of the Area Redevelopment Advisory Policy Board and would appoint the members of the National Public Advisory Committee on Area Redevelopment.

TIGHTENING OF CRITERIA

The criteria spelled out in subsections 5(a) and 5(b) of the act were tightened by the committee.

Under section 5(a) of S. 1, as introduced, the Administrator was authorized to designate areas where there has existed substantial and persistent unemployment for an extended period of time, and in addition he was required to include among the designated areas those which complied with certain specified formulas based on rates of unemployment.

In subsection 5(a) of S. 1, as reported, the Administrator's power to designate on the basis of general standards was limited and he was required to act, in the exercise of this general authority, upon the basis of standards generally comparable with those set forth in the specific formulas based on rates of unemployment.

In subsection 5(b), as introduced, the Administrator was authorized to designate rural areas on the basis of proportions of low income families and substantial and persistent unemployment or underemployment.

Under S. 1, as reported, the Administrator was required, before making any loans as the result of designations under this subsection, to prescribe by regulation detailed standards for these designations, based upon the same factors.

DESIGNATION OF RURAL AREAS

Subsection 5(b) of S. 1 includes a number of general factors relating to numbers and percentages of low-income families in rural areas, and substantial and persistent unemployment or underemployment, on the basis of which he would designate rural areas as redevelopment areas.

This subsection was amended by adding a new provision requiring the Administrator to distribute the projects widely among the States, so far as feasible and proper, in order that there may be actual experience in this program in as many States and areas and under as many different circumstances as possible.

GOVERNMENT CORPORATION CONTROL ACT

A provision was inserted in section 9, requiring the Administrator to prepare annually and submit a budget program in accordance with sections 102, 103, and 104 of the Government Corporation Control Act. This will require the submission, as part of the President's annual budget, of complete information about the Administrator's financial activities.

TECHNICAL ASSISTANCE

Under section 11 of S. 1, as introduced, the Administrator was authorized to provide technical assistance to areas designated as redevelopment areas.

This provision was amended so as to permit the Administrator to give technical assistance either to areas designated as redevelopment areas or to other areas which he finds have substantial need for such assistance.

AUTHORIZATION FOR APPROPRIATIONS FOR OCCUPATIONAL RETRAINING

A new subsection (e) was added to section 15 which authorizes appropriations not in excess of \$4,500,000 annually to carry out the provisions of section 16 relating to occupational training and retraining.

REVIEW OF ADMINISTRATION OF THE ACT

A new section 27 was inserted in S. 1, requiring the Senate Committee on Banking and Currency, or a subcommittee thereof, after the expiration of 2 years after the enactment of the act, to make a full and complete study and investigation of the administration of the act. The committee must then report, at the earliest practicable date, the results of its study and investigation, together with such recommendations as it deems advisable.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

HOUSING ACT OF 1949

* * * * *

 TITLE 1—SLUM CLEARANCE AND URBAN RENEWAL

* * * * *

 REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

SEC. 113. (a) Whenever the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

(b) The Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: And provided further, That only the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

(e) The aggregate amount of capital grants which may be contracted for under this title with respect to projects for the redevelopment of urban renewal areas for predominantly nonresidential uses, under the second proviso of the fifth sentence of section 110(c), may be increased by an amount not to exceed 10 per centum of the aggregate amount of new grant contract authority provided after September 23, 1959, whenever the Administrator determines (1) that an increase in such amount is necessary in order to provide financial assistance under this section, and (2) that

such assistance is not otherwise available because of the limitation contained in such proviso.

* * * * *

HOUSING ACT OF 1954

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URBAN PLANNING

SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—

(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization, and (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection;

(2) official State, metropolitan, and regional planning agencies empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

(3) cities, other municipalities, and counties which (A) *are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as redevelopment areas* or (B) have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation; and

(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems.

(b) A grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made: *Provided*,

That a grant may be made under clause (A) of paragraph (3) of subsection (a) of this section for not more than 75 per centum of such estimated cost. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$20,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

INDIVIDUAL VIEWS OF MR. ROBERTSON

I oppose S. 1. It provides an incorrect and ineffective approach to one of the economic facts of life. Thus the bill will give false hope to those who look to it for economic salvation. It will use inefficiently whatever Federal resources are expended under it.

Every bill, however inappropriate and ineffective, can be improved to some degree. If a bill like S. 1 is to be passed, it could be strengthened in a number of major respects. The administration of the program should be vested directly in the Secretary of Commerce, not in an essentially new independent agency loosely associated with the Department of Commerce. Annual appropriations rather than back-door Treasury financing should be required for both loans and grants. The duration of the program should be limited by statute to 1 year, after which time the Congress may provide for extension if desirable. But even with these amendments, the bill would be essentially impotent.

S. 1 is an incorrect approach

As our economy expands, some communities inevitably lag behind the national rate of growth. Over a period of time, these localities—the most publicized of which are depressed areas—may seem to be less and less well off. This may be so even though in some cases a large share of the local labor force is employed and even though local standards of living continue to rise.

It is obvious that no matter what our national level of prosperity may be, approximately one-half of all areas will be below average at any one time or over any given period. As long as the below-average communities improve no faster than the Nation grows, they will always appear to be comparatively depressed, no matter how much progress they have made. S. 1, therefore, cannot eliminate a problem which, like the poor, will always be with us in some measure.

According to the proponents of S. 1, the bill is supposed to channel economic activity into depressed areas to a greater degree than would otherwise occur. In other words, growth would be directed away from its natural course to benefit a relatively small number of areas at the expense of all others. Federal direction of economic growth would be implemented primarily through the availability of Federal credit for loans and grants as well as for technical assistance and retraining benefits.

These provisions, in my opinion, set a precedent which could ultimately lead to Federal control over all industrial location or relocation in every area. To the extent that Federal control under this bill channels economic expansion away from its normal path, we will suffer through a reduced rate of overall economic growth and a lower average per capita income for the country as a whole.

The philosophy of the bill is that business is attracted by low cost opportunities for production rather than by high profit opportunities for distribution. This approach seems questionable if not fallacious. Consider the conclusions of a careful study made by the Temporary

New York State Commission on Economic Expansion. The report, dated December 21, 1960, concluded that the primary strength of New York State—

derives from the fact that businessmen choose to locate or expand in those places which offer the best profit opportunities rather than the lowest costs. They will pay an annual rent of up to \$9 per square foot for office space in a choice Manhattan location when space in other cities can be obtained for much less, will accept corporate and personal income taxes higher than elsewhere if after-tax earnings are also higher, will forego the lure of low-wage or nonunion areas in other States if such places are out of convenient reach of customers, suppliers, or an ample pool of trained labor.

And yet S. 1, in an effort to reduce production costs, would try to resolve our difficulties by offering Federal loans and grants for industrial and commercial facilities and for related public facilities to any eligible private or public applicant whether in Detroit, Pittsburgh, Atlantic City, San Juan, or in several hundred other areas. For loans, the bill would provide \$300 million in 25- to 40-year unamortized advances, at low or subsidized interest rates, requiring no minimum equity investment.

The wrong time

This is no time to enact the wrong kind of legislation. Unemployment throughout the Nation in February was recently reported by the Secretary of Labor to total 5.7 million persons, a record high since the great depression. If Federal action is taken now to relieve the unemployment situation, it should be directed toward stimulating a higher general level of production and distribution rather than channeled toward alleviating unemployment in a few selected localities.

Only last month, the Secretary of the Treasury estimated that the Federal budget deficit for fiscal 1961 would total approximately \$1 billion. Any additional legislation, such as S. 1, which would authorize expenditures to unbalance the budget further should be considered with utmost care. Funds should be applied where their results would be greatest. They should not be expended solely in areas which qualify under S. 1 for aid merely by their inability to keep pace with the national rate of economic growth.

S. 1 would be ineffective

S. 1 incorporates the wrong approach at the wrong time. Furthermore, the amount of aid it holds forth would be ineffective. The bill, for example, would provide \$200 million in loans for commercial and industrial facilities. Included in this total are loans for machinery and equipment "in cases of demonstrated need."

The \$200 million for commercial and industrial loans would be advanced under S. 1 only over a period of years. This large Federal outlay would nevertheless be equivalent to less than 3 percent of total expenditures for new plant and equipment in all manufacturing industries throughout the nation in a single year. According to the most recent Census of Manufactures for 1958, such expenditures came to \$8,980 million. These sums, of course, exclude any outlays for commercial facilities and equipment.

Vague eligibility standards.—Because S. 1 incorporates such vague standards of eligibility for aid, assistance extended under it would

often be misdirected. According to the mandatory unemployment tests included in the bill, the Administrator of the proposed legislation would have to designate at least 103 industrialized communities as eligible for assistance. Besides these communities, several hundred other localities—including rural areas—would undoubtedly be eligible although they cannot so far be identified under the loosely worded provisions of the bill.

The standards of eligibility under the bill give no indication of degrees of priority for assistance. S. 1 would provide Federal aid to an area in which 85 percent of the labor force worked 100 percent of the year and 15 percent was unemployed throughout the year. It would apparently give the same priority to an area in which 100 percent of the labor force worked 85 percent of the year and then was unemployed the remainder of the time. Would the latter type of area be equally "depressed"?

Nor is any indication given in S. 1 of how Federal assistance should be allocated among eligible areas. No limit is placed on the amount of loans or grants that could be made to any one project or to any one State. Of the total number of unemployed persons in the 103 eligible industrialized areas, approximately one-third were in the cities of Detroit and Pittsburgh alone. Would Detroit and Pittsburgh then get one-third of all Federal assistance? If Federal aid were spread equally among the 103 eligible areas, each area would receive less than \$4 million, regardless of the reasons why its unemployment rate was high and regardless of its potentialities for redevelopment. These cases indicate some of the difficulties inherent in administering the proposed legislation.

Relief only transitory.—While few, if any, areas would receive substantial assistance under S. 1, there is no guarantee that such aid would be translated into lasting employment benefits. The provisions of the bill require that—

the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located.

In view of the fluctuations in employment and unemployment which occur during business cycles—particularly within depressed areas—what permanent alleviation could this bill truly promise?

No immediate relief, however transitory, would be in sight. Many months would pass before aid could be incorporated into commercial or industrial facilities and evidenced by additional employment, if any. In most areas, particularly in rural places, the program would undoubtedly be slow in getting started even after an area was designated by the administrative machinery as eligible for assistance. Detailed plans would have to be perfected and approved through bureaucratic channels. Each application for aid would have to be accompanied by "an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program." The Administrator would then have to pass upon the feasibility of each local program. Meanwhile, no new blue collar jobs would be created through S. 1. Many areas originally eligible for assistance might well work themselves out

of their difficulties before financial aid was actually received under the proposed legislation.

Undermines local initiative.—S. 1 fails to provide for the most effective use of whatever Federal aid could be extended. No mandatory State or local participation is required for grants for public facilities for industrial or commercial purposes. Nor are any State or local funds called for to help pay for technical assistance. No State or local aid is necessary to finance the retraining subsistence payments, which might better be classified either as outright Federal aid to education or as unemployment relief underwritten entirely at Federal expense. Failure to require greater State or local participation in these programs means that Federal aid, however ineffective, will not go as far as it might if State or local participation were at least more than nominal.

Worse yet, the nominal requirements for State or local financial participation are likely to encourage still greater dependence upon Federal largess. Long ago, Woodrow Wilson, in his book on "Congressional Government," warned us about the unfavorable results derived from increasing State and local government reliance upon the Federal Government. In discussing the spread of Federal control and influence, Mr. Wilson pointed to—

its moral effects in rendering State administrations less self-reliant and efficient, less prudent and thrifty, by accustoming them to accepting subsidies for internal improvements from the Federal coffers; to depending upon the national revenues, rather than upon their own energy and enterprise, for means of developing those resources which it should be the special province of State administration to make available and profitable.

Appropriations for 1-year program

The assistance provided by S. 1, whether loans or grants, should be provided through annual appropriations rather than through backdoor Treasury financing. As now worded, the bill authorizes annual appropriations only for grants.

Backdoor financing programs have already grown to unreasonable dimensions. In mid-1960, the U.S. Treasury reported that it held over \$33 billion in securities acquired under congressional authorizations for public debt transactions covering a variety of Federal programs. Cumulative expenditures under backdoor Treasury advances exceeded \$114 billion. This is no time and this is no program to increase these excessive amounts, particularly in view of the risky character of the loans to be made under the proposed legislation.

A number of witnesses have testified that the programs to be set up under S. 1 would be essentially experimental. This is all the more reason why loan funds should be made available to the Administrator through annual appropriations which provide for compulsory yearly reviews of program results. Such reviews should give an opportunity for better fiscal management by allowing some congressional control over administrative discretion in the timing as well as in the amount of expenditures. This, combined with a 1-year limitation upon the duration of the program, would place the operations of area redevelopment on the same basis as our foreign aid programs as well as many other Federal activities.

Department of Commerce

The area redevelopment program should be set up as an integral part of the Department of Commerce, and the administrative powers should be vested directly in the Secretary of Commerce. The program should not be set up as what is in effect another independent agency, only vaguely associated with the Department of Commerce. Such a proposal is directly contrary to Reorganization Plan No. 5 of 1950, which transferred to the Secretary of Commerce all powers vested in any official within the Department. This transfer, along with a number of others related to different Departments, was in accordance with the recommendations of the Hoover Commission.

Placing the area redevelopment program squarely within the Department of Commerce would integrate it much more closely with activities presently performed by established agencies. Some Federal aid and assistance to distressed areas is now provided by various agencies. These include the Office of Area Redevelopment in the Department of Commerce, the Bureau of Employment Security in the Labor Department, the Community Facilities Administration of the Housing and Home Finance Agency, and the Small Business Administration. In addition, the Department of Agriculture administers a rural development program and the Department of Defense in its procurement policies is said to give special consideration, when feasible, to areas of labor surplus.

We should note that President Kennedy, in a letter addressed to the Vice President and the Speaker of the House of Representatives on January 25, 1961, recommended that "in my judgment, the Department best equipped to supervise and coordinate the program [of area redevelopment] is the Department of Commerce."

Whatever the case, S. 1 holds no real hope of economic redemption for depressed areas. It is an incorrect approach. It is an ineffective approach. The problem will not be solved by the additional Federal credit and Federal bureaucracy which this bill would authorize.

A. WILLIS ROBERTSON.

INDIVIDUAL VIEWS OF MR. CAPEHART

Throughout the consideration of a so-called depressed areas bill we have been looking upon chronic unemployment and temporary unemployment as two vastly different categories of economic problems.

The bill as voted by the committee will solve neither one.

It will not solve chronic unemployment because the bill fails completely to define "chronic unemployment."

It will not solve temporary unemployment because it is far from broad enough to meet that problem.

The bill, as voted out of the committee, is called by some a "distressed areas bill," but the truth is it is a "distressed bill" and is actually as helpless in meeting its intent as the depressed areas are in meeting their economic problems.

Fails to recognize unemployment causes

S. 1 fails entirely to recognize the difference in causes of chronic, or persistent, unemployment from those of temporary unemployment.

The bill, in fact, uses only the simple guideline of national unemployment, regardless of causes, to determine which cases are chronic and which are temporary. As a result the figures actually tell a false story.

In my own State of Indiana, for example, the so-called depressed areas criteria in May of 1959 listed the following areas as qualifying as "depressed areas":

Evansville and Terre Haute in the "major areas" class, and Connersville, Michigan City-Laporte, Muncie, New Castle, Richmond, and Vincennes in the "smaller areas" category.

Just 2 months before that, in March 1959, the "major area" category included South Bend along with Evansville and Terre Haute, and the "smaller area" group did not include Connersville and Richmond.

Then, in August of 1960, South Bend was again omitted as an "eligible area" in the major class and the "smaller area" group was down to only two areas, Connersville and Vincennes.

Now, the latest Department of Labor figures, January 1961, show that under the same criteria that is in this bill only Evansville is left in the "major area" group and none of the smaller areas are classed as eligible for assistance as "depressed areas."

Under such an eligibility determination it would not be possible for any community in the land to know from one month to another whether it would qualify for assistance under this bill.

If it is to remain that the provisions of the bill are so uncertain then the program under this bill is doomed to failure.

If it is intended to reach communities which go on and off the "eligible" list like a light switch, then the Congress must be prepared to furnish, not millions of dollars, but billions of dollars in the next few years to build factories that are not needed and to complete the biggest fraud on the American working man and woman that has ever been perpetrated upon them.

No program should be approved by this Congress which one month promises to help a community and 2 months later says to that community: "you are not eligible."

A "chronic" and "persistent" unemployment situation is created in a community when the principal source of employment has ceased to exist, for one reason or another.

Complicating the actual unemployment situation in such a "chronic or persistent" area is the fact that no reasonable additional employment is in the foreseeable future due to the lack of other existing industry capable of absorbing the unemployment created by the principal user of the labor force.

In nearly every instance where "chronic and persistent" unemployment exists today there was a dominant industry which, in its full operation, used the major portion of the local labor force.

I think of mining areas as a good example, but there are other types of industry which have dominated employment in certain areas.

Amendment defines "chronic" area

In the hope of bringing this bill into the scope of the intention of its authors, I offered an amendment in subcommittee and again in full committee which defined such a "chronic and persistent" area and I intend offering the amendment on the floor of the Senate.

That amendment sets up three factors which would provide the necessary data for determination of a "chronic or depressed" area.

The initial factor is the establishment of a criteria based on the past employment of the area and the cause for its existing depressed economic situation.

This is done by describing industry-dominated areas as those where a large portion of the labor force has, for many years, been employed in one industry. For the larger areas, with 15,000 or more labor force, the dominant employment percentage is fixed at 20 percent of the area's labor force.

In other words, wherever an industry, which might be one or more factories, has employed at least 20 percent of the eligible labor force in the past 10 years, that community would be placed in the category of larger areas of the industry-dominated criteria.

The smaller areas of the industry-dominated category would be those communities having fewer than 15,000 in the labor force and where a given industry employed, in the past 10 years, at least 25 percent of the labor force.

Next, the formula for defining a "chronic or depressed area" in my amendment includes the criteria of unemployment as set forth in the bill approved by the committee.

The third factor to be considered in drawing this word picture of the type of community we all want to help is the determination of possible future employment. This factor is of extreme importance.

The lack of potential future employment of the community is equally as important as the unemployment of the present. The communities we are thinking about in our effort to be helpful are those to which the first two factors of the definition apply, plus the third criteria that no reasonable probability of substantial future employment opportunities exist, except through assistance of this bill.

When you combine the three factors into a single formula you define a community that has suffered hardship through the loss of its principal

employment source, is experiencing a higher-than-average rate of unemployment and has no existing industry capable of absorbing that unemployment.

That is a "chronic or depressed" area that needs the help from this bill, but under the provisions now in the bill that community must compete for a portion of the assistance with areas like Pittsburgh, Detroit, and other metropolitan areas which qualify as "chronic or depressed" areas under the criteria which is now in the bill.

It is my prediction Beckley, W. Va., and other communities in the same class and economic condition will get a very small part of the funds and it costs a lot of money to make jobs.

Following is my amendment:

AN AMENDMENT TO DEPRESSED AREA BILL

SEC. 5. (a) (1) The Secretary of Labor shall from time to time, or upon the request of the Administrator, certify to the Administrator the location of any labor market area within the United States which he finds (on the basis of available labor force data or such special studies as he deems necessary) is sufficiently limited in the size of its labor force and in the character of its economy so as to be dependent on a single industry for its employment opportunities. For the purposes of this subsection, a labor market area shall be deemed dependent on a single industry for its employment opportunities if (A) the area has a labor force of less than 15,000 and at least 25 per centum of that labor force has been employed in one industry during any one of the preceding ten calendar years, or (B) the area has a labor force of 15,000 or more and at least 20 per centum of that labor force has been employed in one industry during any one of the preceding ten calendar years.

(2) The Administrator shall designate as a "redevelopment area" any labor market area, with respect to which a certification is made under paragraph (1) of this subsection, which he determines is an area—

(A) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (B) below; and

(B) where the annual average rate of unemployment has been at least—

(i) 50 per centum above the national average for three of the preceding four calendar years, or

(ii) 75 per centum above the national average for two of the preceding three calendar years; or

(iii) 100 per centum above the national average for one of the preceding two calendar years; and

(C) where there exists no reasonable probability of substantial improvement in employment opportunities in the foreseeable future without assistance of the type provided in this Act.

There are many other faults I find with the bill, such as the failure to place the administration of the program under the Secretary of the Department of Commerce; the weak and loosely conceived method of providing for retraining; the lack of protection of Government interest in the loans, and the failure of the bill to take into consideration the Government programs already in operation to give assistance to both rural and industrial areas which are stricken with unemployment or underemployment problems.

However, to complain about these and the many other faults in the bill reported to the Senate would be to complain about the method by which the program would become a failure through complete lack of feasibility. The correction of the administration processes will not correct the absence within the bill of proper definition of the areas to be served.

I voted for many amendments in committee in the hope their adoption would at least correct some of the provisions of the bill which I sincerely believe will be more harmful than helpful. Most of those amendments were not accepted, leaving the bill pretty much in the same loosely-knit condition as when it appeared before the committee originally.

I must predict again, as I did at the opening of this statement, that this bill will not help either chronic or temporary unemployment in its present form and is merely going to be the source of disillusionment for a great many people who need and deserve something better from their Government.

HOMER E. CAPEHART.

INDIVIDUAL VIEWS OF MR. BENNETT

I do not deny the existence of serious chronic unemployment in certain areas, but I am opposed to S. 1. I have taken this position after a careful study of the hearings and of other materials relating to this problem. I am convinced that this bill is fundamentally wrong in its approach. Briefly, I am opposed to this bill because—

- (1) Nothing in this bill will create new jobs. It can only hope to influence the decision to locate jobs in a particular community.
- (2) The problem can be met more effectively under existing programs.
- (3) This program, if adopted, will not be successful.
 - A. The economic inducement is too small.
 - B. Other factors are more appealing.
- (4) This program is discriminatory and impractical.
- (5) This bill threatens our free enterprise system.

1. THIS BILL WILL NOT CREATE NEW JOBS

Empty buildings will not create job opportunities. If so, why are there often both unemployed workers and empty buildings existing together in the same depressed communities? For example, the Massachusetts Department of Commerce reports the following manufacturing space available for sale or lease in areas now listed by the Labor Department as depressed:

	<i>Square feet</i>
Fall River.....	2, 124, 035
Lowell.....	2, 066, 483
New Bedford.....	1, 370, 056
North Adams.....	286, 029

Though it is true that empty building space is an evidence of depressed conditions, it cannot by the same token be argued that providing buildings will create jobs. The empty buildings in these Massachusetts communities are not creating jobs.

Proponents of this legislation might argue that it is new buildings businessmen want, not old buildings. Yet even available new buildings may not attract business. For example, in the following surplus labor communities in Kentucky, relatively new buildings are presently available:

	<i>Square feet</i>
Paducah (built in 1957).....	100, 000
Paintsville (built in 1950).....	23, 000

The following Pennsylvania surplus labor markets have available recently constructed shell buildings, built on speculation:

	<i>Square feet</i>		<i>Square feet</i>
Erie.....	20, 000	Wilkes-Barre.....	50, 000
Scranton.....	100, 000	Hazleton.....	60, 000
Altoona.....	50, 000		

The essence of the major provision of this bill is to provide buildings for commercial and industrial enterprises at subsidized Federal financing rates. The view that this will automatically create jobs is either naive, dishonest, or both. Job opportunities are created by the ingenuity of men and the natural growth in our economy.

The late Joseph Schumpeter, in recent years one of Harvard's most famous economists, discussed in his famous book, "The Theory of Economic Development," that the underlying cause of broad economic growth in a society and with it job creation, is the ability to bring about innovation and technological change in products, services, and methods of production. Schumpeter took a broad view of our society, but his ideas also have specific application to the concept of job creation.

Regardless of the availability of plant sites, additional people will not be employed unless there are new ideas, new products, new markets and entrepreneurs who are willing to risk their own personal capital and time and reputation, and that of others, in order to capitalize on these new ideas. Only then will men be hired to apply these new developments. The other alternative to new private job creation comes through normal growth in our population and from the opening up of new markets either at home or abroad.

Assuming that the basic essential conditions are present to create new jobs (and this bill will not provide these), the subsequent prerequisite to make this bill work is to encourage entrepreneurs to locate their operations in particular depressed communities. Can the bill accomplish even this task? In my opinion it cannot, and the reasons for this opinion will become clear in the material that follows.

2. THE PROBLEM CAN BE MET MORE EFFECTIVELY UNDER EXISTING PROGRAMS

Local area development already a vigorous activity.—There are currently more than 14,000 State and local, public and private agencies and committees engaged in the business of attracting industry to specific localities. In addition, 111 Federal programs render services to aid local economic development. In the hearings on S. 1, I inserted in the record material developed by the Committee for Economic Development in a publication entitled "Developing the 'Little' Economies," which represented a survey of these area development programs now in operation in the United States. I will not burden the report with all of these, but, as examples, included in the list are the following:

<i>Type of organization</i>	<i>Number of development organizations</i>
Publicly financed programs:	
State planning and development agencies.....	54
State-supported industrial financing authorities.....	4
Municipal and county development agencies.....	299
University bureaus of business research, etc., that have worked in economic development.....	212
Privately financed programs:	
Railroads conducting area development activities.....	83
Electric and gas utilities conducting area development activities....	330
Banks conducting area development activities.....	144
Local chambers of commerce and boards of trade.....	4, 842
Local industrial development groups.....	867
Community development corporations.....	1, 952
State chambers of commerce.....	35
Area development associations.....	135
Private consulting firms and research organizations that have worked on subnational economic development problems.....	299
All others.....	4, 980
Total, excluding Federal Government.....	14, 125
Federal Government: U.S. Government programs affecting local economic development.....	111

In 1957, a total of \$220 million was spent for area development efforts by the above-listed groups. Of this amount, 59 percent, or \$130 million went specifically for industrial development. The objective of these expenditures was to attract new industry to individual communities.

The operations represented by these development groups are intended to get at the heart of the problem by attracting job-making business to a locality. These groups understand the strengths and weaknesses of their communities. They know how to capitalize on these strengths and at the same time are best equipped to solve their weaknesses. The Federal Government can certainly not improve, through the provisions of S. 1, on the good work of these development agencies.

Federal programs now operating to aid local industrial development effort.—As already noted, there are presently 111 Federal programs which offer services to aid local development. For example, in the 85th Congress we passed the Small Business Investment Act, which provides for loans based upon private judgment with a minimum of interference from the Small Business Administration. Section 502 of that act authorizes the SBA to make loans to State and local development companies for use in assisting and attracting new business. These loans may be made for plant construction, conversion, or expansion and the construction of commercial establishments. It is true these loans are made to small business concerns throughout the Nation without regard to whether they are located in depressed areas. But by the same token such areas are not denied these funds.

With respect to the loan programs for rural areas, outlined in section 5(b) of S. 1, in the Department of Agriculture (in cooperation with other Government departments and agencies) the rural development program is designed to promote and encourage the economic development of low-income counties. The program operates through the coordinated efforts of the Department of Agriculture and other departments and agencies in the Government. The activities of the program are directed toward providing leadership and guidance to the local communities in solving their own individual problems. The

Executive order setting up this program stated that the end in view is "to provide maximum State, local, and private participation and initiative in identifying and meeting local needs."

It is true that this program does not provide for Federal loans. But if lack of money is a problem, there are several existing possible sources for making financial arrangements.

Also I would like to emphasize that each community has a different problem, and a general Federal lending program aimed at a specific type of inducement cannot have equal application in each area. Lack of money is often not the chief difficulty faced by localities. Instead, each community must be analyzed individually for its strengths and weaknesses and needs.

Section 7 of the bill provides for loans for community facilities such as sewer projects, water treatment, and other public needs. There is absolutely no need for this provision of the bill because these exact same types of loans are made by the existing Community Facilities Administration within the HHFA. There is nothing new in the context of this bill which cannot be done by the present community facility program.

The bill does state that such community facilities loans and grants shall be designed to "improve the opportunities in such areas for the successful establishment or expansion of industrial or commercial plants or facilities." But there is nothing under the present program which prohibits community facility loans or grants for exactly this same purpose. Even without the enactment of S. 1, every unit mentioned therein, with the exception of a private organization, can obtain a loan for the construction of public facilities under 42 U.S.C. 1492 through the Community Facilities Administration. The proposed program, therefore, would be a direct duplication of a current Government program.

Section 8 of S. 1 provides for grants for financing community facility projects. This may not duplicate the current law which limits grants for urban planning and for advanced planning of public works, rather than for financing actual construction of the project. But again, loans are available under section 7 of S. 1 for this purpose.

Private capital is available.—Based on a brief analysis that I have made, I can discover no inability to raise money by bonding for public facilities in depressed areas; nor has any real shortage of private capital to finance buildings, or to encourage industries to locate in depressed areas, been demonstrated by any testimony at the hearings.

I am listing below a sampling of a few public facility bond issues which have been made within the last 3 months in depressed areas, all of which were below the 4½-percent rate at which Federal money would be made available under the bill for these same programs. There are undoubtedly many other issues which have been made in depressed areas in recent months. This represents only a quick survey:

City	Date	Purpose	Amount	Maturities	Net interest cost
					<i>Percent</i>
Evansville, Ind.	Jan. 24, 1961	Waterwork district....	\$2,400,000	13½-year average..	2.9916
New Bedford, Mass.	Nov. 10, 1960	Water bonds.....	160,000	1961-66.....	2.50
Detroit, Mich.	Dec. 6, 1960	General public improvement.	1,280,000	1963-85.....	3.53
Do.....	do.....	Public lighting.....	1,250,000	do.....	3.53
Do.....	do.....	Sewer.....	3,000,000	do.....	3.52
Port Huron, Mich.	Oct. 31, 1960	Various purposes.....	765,000	1961-70.....	2.89
Johnstown, Pa.	Feb. 16, 1961	Municipal authority sewer (revenue).	5,000,000	1963-86.....	3.9748
Uniontown, Pa.	Nov. 1, 1960		100,000	1963-82.....	3.82
Providence, R.I.	Feb. 15, 1961	Redevelopment.....	5,000,000	13½-year average..	3.28
Do.....	do.....	Public works.....	900,000	10½-year average..	3.28
South Charleston, W. Va.	Feb. 16, 1961	Sewer revenue.....	8,000,000	1962-2001.....	3.674

Private capital for industrial or commercial building facilities can be drawn from many sources. The hearings failed to show that any community could not raise necessary capital when it had a real prospect. I am particularly impressed with what can be done with revenue bonds issued to finance industrial or commercial buildings to be leased to industry. At present, 15 States have laws permitting such issues. I have reliable information that insurance companies are anxious to invest in these revenue bonds. These issues can be made at rates comparable to what the Federal Government would charge under this bill, and these issues have the advantage of being tax exempt.

3. THIS PROGRAM, IF ADOPTED, WILL NOT BE SUCCESSFUL

This bill seeks to entice industry to locate in depressed communities by offering Federal financing for buildings at subsidized rates to private companies or development groups. This is its chief inducement: reduced rent. Just how important is this inducement?

A. The economic inducement is too small

The cost of building occupancy for manufacturing concerns averages about 3 percent of the total cost of production. This includes direct rental payments, depreciation on buildings which are owned, taxes on the building, interest payments on debt, and repair and maintenance expenditures. These estimates were developed from corporation income tax returns for fiscal years 1958 and 1959 as summarized by the Treasury Department in its "Statistics of Income."

Since this bill would offer no aid for taxes or routine maintenance and repairs, we can eliminate these items, and consider only the total annual cost of a manufacturing building which, taken alone, averages no more than 2 percent of the total cost of production. From another point of view, we may consider that the benefit of this bill is in the financing of such buildings and not in the actual cost of the building itself. How important is this?

The Federal money provided by the bill would be available at rates currently in effect on long-term Government bonds at the equivalent maturity plus one-half of 1 percent. This would be about 4¾ percent. Private money can be borrowed at least at the rate of 6½ percent. This means that the Federal loans would be at rates one-third less than private rates.

Even if we assume that financing costs over the life of an industrial mortgage equal 100 percent of the original building cost, the inducement is still extremely small. Take the 2-percent figure, which represents the actual building costs and assume this to be the financing cost. Now we divide that by three, to represent a one-third reduction in financing costs, and we arrive at the final inducement under the bill. We find that the inducement is a net reduction in the costs of production of less than 1 percent, or, to be precise, 0.67 percent.

B, Other factors are more appealing

If we now compare the value of this financial inducement with the appeal of other factors which attract industry to an area, the weakness of this small ratio becomes even more obvious.

In the course of the hearings on S. 1, I asked every State development agency, or equivalent group, organized to attract industry in the respective States, to list in the general order of importance the factors which they consider are effective in attracting business to their State.

I received 47 replies. Of the 47, 4 placed the cost of rent or building occupancy in the middle of the list. Only one placed it as high as fourth. The remaining 42 replies placed cost of rent or building occupancy at or near the bottom of the list and added the comment that this was of lesser importance in comparison with other more vital factors.

It is obvious that the order of the list of factors would vary from business to business and from area to area. But, in general, the following are the factors which command the greatest attention, graded roughly according to priorities given to them by the State development agencies:

1. Markets.
2. Trained and adequate labor force.
3. Availability of raw materials.
4. Good transportation facilities and connections.
5. Low cost fuel and power.
6. Adequate water.
7. Favorable business "climate" including both Government regulation and worker attitudes.
8. Fair tax structure.
9. Available buildings or good building sites.
10. Adequate financial sources.

The last item—availability of capital—does not necessarily mean at subsidized rates.

Most of the money provided by the bill would go for "windfall" payments.—Even the staunchest advocates of this bill admit that the interest advantage for plant construction is not going to be the major factor in determining where a plant is located. Therefore, one fact is readily apparent—of the new plants which go into a depressed area, even if the bill does what it is supposed to do, only a few of those plants will go there because of the Federal interest subsidy. The rest would have gone there anyway—because of the advantages the area has for their industry.

What the percentage would be is anybody's guess. I would think that even assuming a most optimistic claim, only 1 out of every 10 could be said to have located because of the subsidy. But the other

nine would qualify for the subsidy, even though it did not influence their decision.

Thus, in perhaps 90 percent of all cases, the Federal money would be nothing but a pure windfall to companies which were going to locate in those areas anyway. In these cases, the taxpayer—and the depressed area—get absolutely no return for this money. Thus, the effective amount of money we have to work with is not \$200 million of Federal money for the urban and rural industrial and commercial programs but one-tenth of that, or \$20 million. The rest is down the drain.

No matter how much financial inducement the Federal Government offers—even if the Federal Government offered not only to aid the financing of a building, but actually to pay the entire cost of a building and offered it to a company free—I am convinced that the other factors which I have listed would still loom more important in the businessman's eye. Only if all the others of the above factors were equal would his choice of location be significantly influenced by a Federal financial subsidy for building rent.

Even the Federal Government tends to be choosy in locating its operations. The question might be raised as to why the Federal Government did not establish a defense installation at Beckley, W. Va., or Altoona, Pa., both distressed areas. Could it be that there are more important factors to influence such locations than the fact that there is an available surplus labor force in these areas?

If the Federal Government gets into this industrial location business, it will find itself in competition with States and localities offering not only reduced rent, but tax advantages and other special inducements. Without going into the merits of such inducements, it would seem that these far outweigh any financing inducement this bill could offer. In fact, the question might simply be raised, Can the Federal Government under this bill do as much to attract industry as State governments, local governments and local chambers of commerce and development agencies are already doing?

To the extent the bill seeks to provide commercial and industrial buildings for rural areas, as outlined in sections 5(b) and 6 of S. 1, the same criticisms apply.

4. THE LEGISLATION IS DISCRIMINATORY AND IMPRACTICAL

Just how far will the Federal money go under this legislation? Is there not a serious discrimination in favor of a few unemployed?

Testimony was given in the hearings that it requires an investment of approximately \$15,000, on the average, to support one job in manufacturing. This is an average of all industries. I am aware that many jobs can be supported on a relatively small investment, but there are others that take huge investments and I have taken the average.

If we take just the urban depressed areas, of which there are 20 major areas and 83 minor areas currently qualifying under the bill, and a total unemployment of approximately 648,000, we can see just how small a part this legislation would play in reemploying these people, even if all other arguments were laid aside and we assumed that this bill would put people back to work.

The bill provides \$100 million for urban depressed areas. In manufacturing, the actual investment in buildings is 25 percent, on an

average, of the total investment. (This is separate and apart from the cost of production, discussed above.) The latter includes labor costs, the cost of raw materials, etc. This bill will aid only in the investment in buildings. Thus, 25 percent of \$15,000 required to support one job is a little less than \$4,000. If we call it \$4,000, and observe that the Federal Government will provide 65 percent of this amount, or \$2,600, and divide this into \$100 million, this bill would create a job potential of 38,500 workers in the urban depressed areas.

Assuming all other factors were favorable, and assuming that State and local groups would furnish the remaining 35 percent of the \$4,000 necessary for investment in buildings, and also assuming that the businessman loan applicant would be willing to take care of the other three-fourths of the investment needs for machinery, equipment, inventories, and miscellaneous investment items, and also would be willing to assume the risks of the business, how much aid would this bill give?

Relating 38,500 workers to approximately 650,000 unemployed in depressed cities, we discover that only 1 out of every 17 unemployed persons in these areas could expect to be benefited by this bill. Thus, we are discriminating against 16 out of every 17 unemployed in these areas.

But this is not all of the discrimination. The approximately 650,000 unemployed in depressed areas represent only 1 out of 8 of our total unemployed in the Nation. Thus, the bill holds out hopes for only 1 out of every 136 unemployed persons in the United States, assuming all other factors were completely favorable. We can now begin to see the false hopes which will result from this bill.

If we were to cast aside all of these practical considerations and attempt to overcome this discrimination argument by spending enough Federal money to put all of the unemployed back to work (again assuming that merely building plant facilities would do the job, and assuming we make no allowance for frictional unemployment) it would cost on the basis of \$15,000 per job, a total of \$10 billion, of which the Federal Government would be responsible for \$6.5 billion to put only the 650,000 workers in urban depressed areas back to work, and a total of \$81 billion, for which Federal responsibility would be \$53 billion, to put all of our 5.4 million unemployed back to work, assuming that were our ultimate goal. Of course, it is foolish to even think that our Federal budget could stand such a strain.

Besides, when we relate what this bill proposes to do with what private capital is already doing, we can again categorize this approach as being a little "drop in the bucket." For example, in 1958, the last year for which a full survey was taken, manufacturing concerns spent \$9 billion in new plants and equipment, and all nonagricultural business spent \$29 billion in new plants and equipment. Of this, \$6 billion represented new plant investment. If we take the Federal cost of the urban and rural loan programs, totaling \$200 million, and relate this to what private business spent in the recession year of 1958 for new plants, we find that private investors spent 30 times as much in 1 recession year for new buildings as this bill proposes to spend over a 2- or 3-year period. If we include private expenditures for machinery and equipment, as well as for buildings, private expenditures during the 1 year, 1958, exceed the proposal of this bill by 145 times.

To examine these private expenditures in the light of the maximum apportionment of funds which certain depressed area States might expect under this bill is to cast further doubts as to the practicality of this approach. If we relate total unemployment in the major and minor urban areas of each State qualifying for aid under this bill to the U.S. total of 648,400 unemployed in all such areas, and distribute funds on that basis, some of the more severely hit States could expect to receive amounts shown in the following tabulation. Also shown are private expenditures for manufacturing plant and equipment and estimated expenditures for all plant and equipment in the recession year 1958:

[In millions]

State	Potential apportion- ment under S. 1 ¹	Private 1958 capital expenditures for manufac- turers only	Private 1958 estimated expenditures for all plant and equip- ment
Kentucky.....	\$4.1	\$110	\$356
Massachusetts.....	2.4	275	729
Michigan.....	18.3	439	1,422
Pennsylvania.....	34.9	788	2,553
West Virginia.....	10.1	164	531

¹ For the urban industrial areas.

5. THE BILL THREATENS OUR FREE ENTERPRISE SYSTEM

Finally, assuming that a need could be proven, and assuming this approach were practical, which has not been demonstrated, the approach under this bill would still be undesirable in our free competitive society.

A basic defect of the approach of this bill is that it runs counter to the precepts of what is still essentially a private market mechanism, operating within a dynamic and growing economy.

The strength of the United States to a great degree is attributable to the fluidity of its resources among areas that can use them most efficiently. Unlike the economies of other continents, the economy of the United States has been able to distribute its resources into their most efficient uses without regard to State boundaries or regional areas. This was always been an essential strength of our political system—that it permitted these adjustments. And this bill would threaten to destroy that adjustment mechanism within our system.

Our economy has grown strong because throughout our history the location of industrial establishments has been related to the basic economic considerations involved—good markets, availability of transportation, the labor supply, the accessibility to raw materials in the area, and the existence of a healthy business climate, etc. To substitute an artificially created, Government-sponsored program to induce industries to locate in areas which are intrinsically unsuited for them, and when these areas are unable to compete on purely economic grounds, is to throw a monkey wrench into the economic machine.

Once Congress establishes the principle that the Federal Government should direct industrial expansion into selected areas, there will be powerful political pressures to fulfill the commitment to these areas.

If initial plant-location inducements do not prove adequate to carry out the commitment, greater inducements will undoubtedly be proposed to Congress. And political pressures to provide them may well be irresistible.

The time to stop a surge of Federal intervention in the field of plant location is before the principle of Federal intervention is established—not after it is established.

SUMMARY AND CONCLUSIONS

In summary, S. 1 will not do the jobs its authors intended.

(1) Nothing in this bill will create new jobs. It can only hope to influence the decision to locate jobs in a particular community.

(2) The problem can be met more effectively under existing programs.

(3) This program, if adopted, will not be successful because (a) the economic inducement is too small and (b) other factors are more appealing.

(4) This program is discriminatory and impractical.

(5) This bill threatens our free enterprise system.

The problem in each community is individual and different and grows out of a variety of factors which businessmen will consider in deciding whether or not to locate in a specific area. The businessman is interested in the factors I have already listed. Simply to concentrate on the availability of buildings or the financing of those building, or on community facilities (aid for which is available in other programs) is to strain at a gnat. There are many more important factors to consider. A Federal subsidy to finance a new building or a community facility, which can very likely be provided through local efforts, is a very unimportant contribution, and will not solve the problem.

It is more important to look at the specific problems of the industry whose failure created the depressed area. And this would call for an individual analysis which can be very adequately handled by local and State organizations or the Office of Area Development of the Department of Commerce, or in the case of rural areas, by the rural development program sponsored by the Department of Agriculture. These Government groups, and those engaged in local area development, can give better hope of finding tailored solutions to the particular problems that created unemployment in the first place. This, in the final analysis, is what will give rise to new employment opportunities in depressed areas.

S. 1 will not solve our problems, and I urge the Congress to reject this legislation.

WALLACE F. BENNETT.

INDIVIDUAL VIEWS OF MR. BUSH

S. 1, as amended by the Committee on Banking and Currency, has been substantially improved from its original version and from previous bills of this kind which have been considered in former years.

THE "INDUSTRY PIRATING" PROBLEM

A major defect has been eliminated by the inclusion of strong, effective language to meet the problem of "industry pirating." Amendments drafted by myself and the junior Senator from Maine (Mr. Muskie), and accepted unanimously by the committee, flatly prohibit, without qualification, the use of Federal funds to assist the relocation of a business enterprise from one area to another. They permit such assistance to businesses for purposes of expansion, or for the establishment of a new branch plant, affiliate, or subsidiary only if such assistance will not adversely affect employment in the area of original location. The committee report clearly states an intent to have the Bush-Muskie "antipirating" amendments strictly construed, and cautions the Administrator to guard against any attempts at evasion of their purpose.

GOOD FEATURES OF THE BILL

There are good features which I favor in S. 1. The special provisions for "redevelopment areas" in the urban renewal section of the bill are commendable. The sections providing for occupational training and retraining, and for retraining subsistence payments, may ultimately prove to be the most valuable aids made available to those who have the misfortune to live in areas of chronic, high unemployment. The loan funds—\$200 million for industrial and commercial projects in "redevelopment areas" designated under section 5 (a) and (b), and \$100 million for public facility loans in such areas—have been established with welcome recognition of the general rule that the United States should not lend money at less than it costs the Treasury to borrow it.

S. 1 is in need of further corrective amendments.

RURAL AREAS

Perhaps the most glaring need is in the definition of so-called rural areas eligible for designation as "redevelopment areas" under section 5(b). As introduced, the criteria for designation virtually guaranteed an overconcentration of such areas in one section of the country. The committee adopted an amendment, offered by the junior Senator from Wisconsin (Mr. Proxmire), which was intended to meet this problem, but fails to fully do so. The Proxmire amendment would require the Administrator to "endeavor to distribute the [redevelopment] projects widely among the several States, so far as is feasible and proper * * *." Under this broad language, no Senator can be assured that at least one such project will be located in a depressed rural area of his own State.

The committee has ignored the fact that even in highly industrialized States there may be depressed rural areas in need of the assistance contemplated by this bill. Such areas may be overlooked because their populations are included in "labor market areas," designated by the Department of Labor, which are ineligible for assistance under either section 5(a) or section 5(b). Yet the farm population of such areas may be in real need of assistance.

PROPOSED AMENDMENT—RURAL AREAS

I have prepared amendments intended to remedy these deficiencies. They would provide that at least one project shall be located in every State in which the Governor thereof certifies to the Administrator a need for such project. Additionally, they would require consideration of the extent to which demonstration "rural development" projects have previously been located in various areas of the United States by the Department of Agriculture, in the formulation of standards for designation of "redevelopment areas" under this subsection.

OTHER NEEDED AMENDMENTS

I share the concern expressed by the senior Senator from New York (Mr. Javits) about the wisdom of making "machinery and equipment" eligible for loans under the bill, and the concern of the senior Senator from Utah (Mr. Bennett), because of what appears to be an intent to substitute a foot-in-the-door trade adjustment palliative for the "peril point" and "escape clause" provisions of the Trade Agreements Act. I will support corrective amendments which I understand they intend to propose.

Additionally, I shall support the recommendations of President Kennedy that administration of the proposed program be placed under the Secretary of Commerce, and that it be financed by appropriations rather than by direct borrowings from the Treasury. Why the New Frontiersmen of our committee have so summarily rejected the counsel of their Chief is beyond my comprehension.

CONCLUSION

Finally, I express grave reservations about the ability of the program contemplated in S. 1 to do the things expected of it by the unemployed and others who live in so-called "depressed areas" of the Nation. The widespread publicity given S. 1 and its predecessor bills and extravagant statements made by some of the backers of these bills, have aroused false hopes in these unfortunate people that a miracle is about to come to pass. Once S. 1 is enacted, they believe, prosperity for their areas is ensured, and their troubles are over. A day of disillusionment is bound to come. It will take months to get the program underway. A relatively few among all the areas which expect it will receive assistance under the bill, and what assistance is given may well prove ineffective in many areas.

This is an experimental program, and should be regarded as such. It must be carefully watched by the Congress, and terminated promptly if the experiment fails. For this reason, I favor a limitation of the authority granted under the bill to a 2-year experimental period, and intend to offer such an amendment on the floor.

PRESCOTT BUSH.

INDIVIDUAL VIEWS OF MR. BEALL

Recognizing the need for providing assistance to those areas of chronic and persistent unemployment, I support the general approach of S. 1.

At the same time, I am concerned that although similar legislation has been before the Congress during the past 6 years, there is still significant disagreement among the proponents with respect to key provisions of the bill.

In the interest of obtaining a workable and an effective program, therefore, I reserve the right to support corrective or modifying amendments on the Senate floor.

J. GLENN BEALL.

INDIVIDUAL VIEWS OF MR. JAVITS

The serious economic problems of certain areas of our Nation, in which exist conditions of substantial and chronic unemployment, have for long resulted in wasted human and physical resources. These assets, which our Nation can ill afford to lose at any time, much less in a time of global economic conflict like the present, have convinced both Republican and Democratic administrations and legislators of the need for an area redevelopment program. There is little conflict as to the basic proposition of the need for assistance to these areas to help them in the development of new employment opportunities and in the retraining of workers. Questions have been raised, however, as to specific features of the various proposals, such as their extent, their effectiveness toward meeting the generally desired goal, and their suitability for Federal action. I believe that S. 1, as reported, generally proposes to meet the vital needs for such a Federal program for depressed areas. I do, however, have certain comments on specific provisions.

INDUSTRY PIRATING

One of the major arguments which had been raised against depressed areas legislation is that it would permit the use of Federal funds to assist industry relocating from one area to another, so that tax revenues raised from all our citizens would be used to relocate industry to one area to the detriment of another. As introduced, S. 1 was somewhat ambiguous in this respect, but the adoption of amendments proposed by Senators Bush and Muskie has resulted in language which forbids the use of funds under this bill for the purpose of assisting business to relocate from one area to another.

In addition, language was added to the bill which bars the use of funds for the purpose of establishing new branches or expanding existing business operations when this will adversely affect employment in the area of original location. These provisions, taken together with the strong language in the committee report regarding their implementation, represent, in my opinion, an equitable satisfactory solution to a serious issue.

There remain, however, two aspects of this bill which I believe have not yet been satisfactorily resolved. These are the provisions permitting the use of funds for the purchase of machinery and equipment, and the present provisions for a rural development program under section 5(b).

MACHINERY AND EQUIPMENT

I do not believe that it is appropriate to use funds under this program for the purchase of machinery and equipment, and believe that the present language in section 6 permitting this should be stricken out. As introduced, the bill provided that funds could be used for machinery and equipment "in exceptional case," a qualitative pro-

vision, which did express the congressional intention that the loan for machinery or equipment was to be considered as an extraordinary case, and that it was not to be permitted in the majority of applications. This language was amended to provide for such use "in cases of demonstrated need." In my opinion, the use of funds for this purpose, which was questionable even within the stricter limitations of the original language, has now been extended to include almost any case where the loan would have been granted without any language of limitation whatever. For, assistance of any kind under this program inherently requires demonstrated need, and the loan for machinery and equipment is thus placed in the same class as a loan for construction of a specific building, water facility, or other structure permitted under this program.

I believe that loans for machinery and equipment have no proper place in area redevelopment legislation, which is aimed at assisting industry to meet those costs which are connected with locating new employment opportunities in one area rather than another. It represents an expenditure which industry would have to undertake in any case if it is establishing new production facilities as is contemplated in this bill. A lathe or a drill press, a sewing machine or a printing press, costs the same whether the new factory is to be established in an area of substantial labor surplus or in the heart of a prosperous community which would have to attract new residents to supply it with a labor force. On the other hand, the cost of land, buildings, and similar facilities will vary substantially from one location to another, and the assistance which can be offered to the firm which is willing to locate in the area of chronic economic ills enables it to match costs which might be lower in another community which it may be considering also. This type of assistance appears to have more of a character involving unjustified assistance to one firm in competition with others, than of help to a community desiring to make available new opportunities for economic development.

The strongest argument against such assistance, however, is that it may represent a subterfuge for exactly the type of "industry raiding" or "pirating" which the amendments to other portions of the bill are intended to prevent. For a company whose machinery and equipment are becoming obsolete and which feels the need for major capital expenditures in order to meet the competition in the industry may be tempted to move, or at least to establish branch operations away from its home location, when it can get such assistance for replacing machinery, for which its competitors must pay out of current earnings and on competitive financial terms. True, this bill would not permit relocation for the purpose of securing such assistance, but it does not prevent the establishment of expanded facilities or branches which might concentrate on that aspect of the parent company's operations which involve the replacement of capital goods. Nor is this the sole inequity involved in assisting a specific business to secure machinery and equipment under this program. For, the company which under this program is able to secure new machinery through the lower cost financing provided here, is in a position to secure a competitive advantage over its fellow producers all over the Nation. In a time when capital costs represent an ever greater proportion of production expenses, this could represent a major economic advantage which is unrelated to the purposes of the bill.

In view of the repeated statements by witnesses from the executive branch, from States and localities, and from industry and labor, that the limited funds provided for in this bill can only meet a minor portion of the need in any effective way, I believe that they should not be used for these inappropriate purposes, which would restrict even more the numbers of areas which could receive effective assistance under this program. It is my intention, therefore, to move that the provisions permitting the use of funds for machinery and equipment be stricken from the bill.

A major feature of this bill is its provision of assistance in the form of loan funds to areas containing the greatest proportion of low-income farm families. I believe that such assistance, which is presently available on a more limited scale under the rural redevelopment programs of the Department of Agriculture, might well be more appropriate under legislation providing for an expansion of those existing efforts. However, the Secretaries of Agriculture and Commerce testified before the committee that it is their intention that there be no duplication of functions under these programs, and indicated that they would be phased into each other to achieve this goal. My own concern with this aspect of the bill is however directed at three additional points, which are not met by this proposal:

1. The greater potential availability of funds to rural than to industrial redevelopment areas;
2. The failure to take living costs into account in basing eligibility upon local farm income criteria; and
3. The possible lack of suitability for redevelopment under this act of certain rural areas.

Under the provisions of section 5(d), any community, be it rural or urban, low income or middle income, is eligible for assistance if it suffers from substantial and persistent labor surplus over specified extended periods of time. This is as true of a mining town in West Virginia and a textile community in New York State as it is of a cotton-growing county in Alabama or a potato-farming village in Maine. Under the provisions of section 9, there is made available \$100 million of the funds provided for in this bill for such areas. In addition to these provisions, section 5(b) provides a second group of communities which are eligible for assistance under this bill, irrespective of the specific rates and extent of unemployment set out in 5(a). Eligible under these provisions for an additional \$100 million are communities which are found to contain the highest number and percentage of low-income families, using as a measure the proportion of low-income farm families in the area, as contrasted with the number of such low-income farm families in the United States. Of course, rural areas which meet these criteria might well also be eligible under the criteria of section 5(a), and thus have available to them loans from either fund. Yet a high unemployment industrial community containing few low-income farm families would be limited to access to the first fund only.

The designated criteria based on low-income farm families fails to take into account the fact that a lower income family, residing on a farm which may provide a substantial amount of subsistence production for its occupants, and making their additional purchases in a market area with comparatively low-price levels, may be better off economically than the family of an industrial worker, living in a

higher cost community, whose sole source of funds for subsistence of himself and his family must come from earnings. I believe that the use of income as the criteria in this section is a serious flaw.

In addition, the rural redevelopment aspects of the bill fail to take into account the potential suitability of an area for development of the kind which this assistance can provide. It may well be that an area is not suitable for industrial production, despite the presence of a great number of underemployed low-income families, which make the community eligible for assistance under this aspect of the bill. It might well be that the area is not even suitable for the development of nonindustrial employment opportunities, such as recreational facilities, or that small commercial establishments, though set up with the assistance of this program could not operate economically in the area over the long run because of high transportation costs for materials and finished products.

I have set out these considerations to indicate why I also wish to concur in the individual views of Senator Bush on this aspect of the bill, and why I plan to support amendments I consider necessary, directed at these problems, in order to make the rural development aspects of the bill more realistic and to place them in fair balance with the industrial redevelopment functions of this program.

JACOB K. JAVITS.

APPENDIXES

APPENDIX A

Labor force, employment, and unemployment areas classified substantial and persistent labor surplus ¹ as of January 1961

State and area	Labor force	Employ- ment	Unemploy- ment		Date of data
			Total	Rate	
MAJOR AREAS ²					
(Data are for November 1960; complete information for January 1961 scheduled to be available next week)					
Indiana: Evansville.....	77,000	72,000	5,000	6.5	November 1960
Massachusetts:					
Fall River.....	57,350	52,450	4,900	8.5	Do.
Lowell.....	49,410	45,830	3,580	7.2	Do.
New Bedford.....	62,550	57,040	5,510	8.8	Do.
Michigan:					
Detroit.....	1,390,900	1,288,900	102,000	7.3	Do.
Flint.....	139,000	135,700	3,300	2.4	Do.
New Jersey: Atlantic City.....	61,400	54,500	6,900	11.2	Do.
Pennsylvania:					
Altoona.....	53,000	46,500	6,500	12.3	Do.
Erie.....	95,300	86,300	9,000	9.4	Do.
Johnstown.....	94,600	80,100	14,500	15.3	Do.
Pittsburgh.....	943,100	834,300	108,800	11.5	Do.
Scranton.....	95,800	84,500	11,300	11.8	Do.
Wilkes-Barre-Hazleton.....	132,300	114,800	17,500	13.2	Do.
Puerto Rico:					
Mayaguez.....	32,100	28,500	3,600	12.6	Do.
Ponce.....	39,600	35,400	4,200	10.6	Do.
San Juan.....	195,100	184,000	11,100	7.0	Do.
Rhode Island: Providence-Pawtucket.....	333,500	308,600	24,900	7.5	Do.
West Virginia:					
Charleston.....	94,350	87,050	7,300	7.7	Do.
Huntington-Ashland.....	91,300	79,650	11,650	12.8	Do.
Wheeling.....	77,200	66,200	11,000	14.2	Do.
Subtotal (20 major areas).....	4,114,800	3,742,300	372,500	9.1	
SMALLER AREAS ³					
(Latest data, available under semiannual reporting program)					
Alabama:					
Florence-Sheffield.....	43,310	40,180	3,130	7.2	December 1960.
Gadsden.....	31,090	25,775	5,315	17.1	January 1961.
Jasper.....	17,150	15,500	1,650	9.6	October 1960.
Alaska: Anchorage.....	21,130	20,680	450	2.1	August 1960.
Connecticut:					
Ansonia.....	14,590	13,090	1,500	10.3	December 1960.
Bristol.....	20,360	17,460	2,900	14.1	Do.
Danielson.....	16,900	15,500	1,400	8.3	October 1960.
Illinois:					
Centralia.....	24,300	21,900	2,400	9.9	November 1960.
Harrisburg.....	22,550	20,450	2,100	9.3	September 1960.
Herrin-Murphysboro-West Frankfort.....	68,300	58,500	9,800	14.3	August 1960.
Mount Vernon.....	24,600	22,550	2,050	8.2	October 1960.
Kansas: Pittsburg.....	21,025	19,725	1,300	6.2	September 1960.
Kentucky:					
Corbin.....	26,050	23,550	2,500	9.5	Do.
Hazard.....	20,100	17,450	2,650	13.2	Do.
Hopkinsville.....	28,500	26,550	1,950	6.8	October 1960.
Madisonville.....	25,000	22,900	2,100	8.4	September 1960.
Middlesboro-Harlan.....	24,700	21,550	3,150	12.7	Do.
Morehead-Grayson.....	19,800	17,100	2,700	13.7	Do.
Paducah.....	44,750	41,200	3,550	7.9	November 1960.
Paintsville-Prestonsburg.....	23,300	21,050	2,250	9.7	September 1960.
Pikesville-Williamson.....	24,150	18,600	5,550	23.0	October 1960.
Maine: Biddeford-Sanford.....	26,400	24,800	1,600	6.1	August 1960.
Maryland:					
Cambridge.....	11,600	10,025	1,575	13.6	December 1960.
Cumberland.....	40,075	36,475	3,600	9.0	August 1960.
Hagerstown.....	37,050	33,125	3,925	10.6	October 1960.
Massachusetts: North Adams.....	16,640	15,010	1,630	9.8	August 1960.
Michigan:					
Adrian.....	27,600	24,900	2,700	9.8	September 1960.
Bay City.....	35,100	31,100	4,000	11.4	December 1960.
Marquette.....	16,800	15,000	1,800	10.7	Do.
Monroe.....	23,100	21,300	1,800	7.8	September 1960.
Port Huron.....	33,300	30,400	2,900	8.7	December 1960.

See footnotes at end of table, p. 68.

Labor force, employment, and unemployment areas classified substantial and persistent labor surplus¹ as of January 1961—Continued

State and area	Labor force	Employ- ment	Unemploy- ment		Date of data
			Total	Rate	
SMALLER AREAS—continued					
Minnesota:					
Brainerd-Grand Rapids.....	31,000	26,700	4,300	13.9	January 1961.
Hibbing-Virginia.....	51,200	45,200	6,000	11.4	Do.
Missouri:					
Flat River.....	25,130	22,050	3,080	12.3	December 1960.
Washington.....	18,490	15,670	2,820	15.3	October 1960.
Montana:					
Butte.....	15,350	13,500	1,850	12.1	December 1960.
Kalispell.....	15,840	13,785	2,055	13.0	Do.
New Jersey:					
Bridgeton.....	47,400	44,700	2,700	5.7	October 1960.
Long Branch.....	134,000	118,000	16,000	11.9	January 1961.
Ocean City-Wildwood-Cape May.....	17,500	15,500	2,000	11.4	October 1960.
New York:					
Amsterdam.....	22,900	19,600	3,300	14.1	December 1960.
Auburn.....	25,400	23,100	2,300	9.1	October 1960.
Gloversville.....	23,200	19,650	3,550	15.3	May 1960.
Jamestown-Dunkirk.....	63,600	59,900	3,700	5.8	September 1960.
Ogdensburg-Massena-Malone.....	49,300	42,300	7,000	14.2	December 1960.
Plattsburgh.....	21,350	19,550	1,800	8.4	August 1960.
North Carolina: Fayetteville.....	32,455	30,445	2,010	6.2	September 1960.
Ohio:					
Athens-Logan-Nelsonville.....	25,500	22,900	2,600	10.2	December 1960.
Batavia-Georgetown-West Union.....	28,000	22,600	5,400	19.3	Do.
Cambridge.....	17,500	15,000	2,500	14.3	November 1960.
Portsmouth-Chillicothe.....	64,100	58,300	5,800	9.0	Do.
Oklahoma:					
McAlester.....	11,300	9,750	1,550	13.7	January 1961.
Muskogee.....	22,175	20,475	1,700	7.7	August 1960.
Pennsylvania:					
Berwick-Bloomsburg.....	22,150	20,250	1,900	8.6	October 1960.
Butler.....	34,550	31,450	3,100	9.0	September 1960.
Clearfield-Du Bois.....	35,200	30,900	4,300	12.2	Do.
Indiana.....	21,900	19,800	2,100	9.6	July 1960.
Kittanning-Ford City.....	21,800	18,800	3,000	13.8	August 1960.
Lewistown.....	22,300	20,100	2,200	9.9	November 1960.
Meadville.....	23,200	21,100	2,100	9.1	October 1960.
New Castle.....	36,650	32,250	4,400	12.0	September 1960.
Pottsville.....	76,100	62,200	13,900	18.3	November 1960.
St. Marys.....	17,400	15,400	2,000	11.5	August 1960.
Sayre-Athens-Towanda.....	20,100	18,800	1,300	6.5	September 1960.
Sunbury-Shamokin-Mt. Carmel.....	63,500	57,900	5,600	8.8	Do.
Uniontown-Connellsville.....	47,000	34,000	13,000	27.9	January 1961.
Tennessee: La Follette-Jellico-Tazewell.....	16,175	14,075	2,100	13.0	October 1960.
Texas: Laredo.....	23,265	21,065	2,200	9.5	September 1960.
Virginia: Big Stone Gap-Appalachia.....	19,875	17,425	2,450	12.3	October 1960.
Washington:					
Aberdeen.....	28,790	26,640	2,150	7.5	August 1960.
Anacortes.....	22,150	20,790	1,360	6.1	Do.
Port Angeles.....	14,550	13,540	1,010	7.0	Do.
West Virginia:					
Beckley.....	21,540	16,590	4,950	23.0	Do.
Bluefield.....	20,960	16,810	4,150	19.8	December 1960.
Clarksburg.....	28,520	26,070	2,450	8.6	October 1960.
Fairmont.....	22,780	20,080	2,700	11.9	Do.
Logan.....	20,610	17,060	3,550	17.2	August 1960.
Morgantown.....	18,390	16,140	2,250	12.2	October 1960.
New Martinsville.....	15,800	14,650	1,150	7.3	Do.
Oak Hill-Montgomery.....	15,030	11,280	3,750	24.9	December 1960.
Point Pleasant-Gallipolis.....	35,130	31,480	3,650	10.4	August 1960.
Roncverte-White Sulphur Springs.....	17,570	15,720	1,850	10.5	Do.
Welch.....	18,490	13,140	5,350	28.9	December 1960.
Subtotal (83 smaller areas).....	2,393,500	2,117,600	275,900	11.5	
Total (103 areas).....	6,508,300	5,859,900	648,400	10.0	

¹ Criteria for designating such areas are identical with those in the Douglas area redevelopment bill (S. 1).

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 150 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available bimonthly.

³ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus." Data for such areas are generally available semiannually. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

NOTE.—Detail may not add to totals due to rounding.

Source: State employment security agencies.

APPENDIX B

Bimonthly and annual average unemployment rates, major areas classified as areas of substantial labor surplus, January–November 1960

	1960						Annual averages				
	Jan.	Mar.	May	July	Sept.	Nov.	1956	1957	1958	1959	1960
Alabama:											
Birmingham	5.8	5.6	5.8	6.4	6.4	7.8	3.7	4.6	8.1	7.2	6.8
Mobile	6.1	6.2	4.9	5.8	4.9	6.3	4.0	3.8	6.5	5.7	5.5
California:											
Los Angeles-Long Beach	4.7	5.1	5.1	5.8	5.5	5.8	2.7	2.9	6.3	4.6	5.3
San Bernardino-Riverside											
Ontario	5.2	5.5	5.1	6.1	5.7	6.6	3.8	3.3	5.8	4.5	5.7
San Diego	4.8	6.0	5.7	6.7	6.9	6.7	3.1	2.3	4.4	3.6	6.1
Connecticut:											
Bridgeport	7.5	6.8	6.5	7.6	6.3	6.3	2.2	3.9	10.8	7.7	6.8
New Britain	6.9	6.4	6.8	8.3	7.3	8.2	2.8	3.9	11.3	7.7	7.6
New Haven	5.4	5.0	4.3	5.1	4.1	4.5	1.5	2.5	6.9	5.7	4.7
Waterbury	5.9	7.6	7.5	8.5	6.4	7.5	3.1	5.3	11.8	6.2	7.3
Georgia:											
Columbus	5.0	5.3	4.4	4.9	4.4	4.6	3.6	4.5	6.8	5.1	5.2
Savannah	5.3	5.6	4.8	5.6	5.8	5.9		3.6	5.5	4.7	5.5
Illinois:											
Chicago	4.7	4.9	4.3	5.2	4.5	5.2	2.6	3.1	7.4	5.4	4.8
Peoria	3.8	4.4	3.3	5.9	5.9	6.4	2.6	2.8	8.4	4.5	5.0
Indiana:											
Evansville	8.6	8.7	6.1	6.4	5.9	6.5	8.0	6.7	10.4	8.6	6.8
Fort Wayne	4.4	4.0	4.7	5.2	4.7	6.6	2.8	4.4	8.7	5.0	4.9
Gary-Hammond-East Chicago ¹	4.9	4.3	3.9	6.3	5.5	8.8				5.8	5.5
Indianapolis	4.5	4.8	3.7	4.7	4.3	4.9	2.6	3.4	6.6	9.5	4.5
South Bend	4.8	5.7	5.0	9.0	5.9	6.4	6.8	5.2	13.4	5.5	6.4
Terre Haute	7.9	8.8	6.4	6.5	6.5	7.3	6.8	7.0	8.5	7.4	7.2
Kentucky: Louisville	7.2	7.5	5.8	6.6	5.6	7.2	4.7	5.6	8.9	6.6	6.7
Louisiana: Baton Rouge	6.8	7.0	6.9	6.7	6.7	7.2	3.0	1.7	4.1	6.0	7.0
Maine: Portland	7.5	7.6	5.7	4.8	4.4	5.9	4.4	4.6	7.1	6.0	5.9
Maryland: Baltimore	6.1	6.6	5.2	5.4	5.0	5.8	2.9	3.0	6.7	5.9	5.8
Massachusetts:											
Brockton	8.4	8.4	7.4	9.4	5.8	6.2	4.4	5.8	8.6	7.1	7.2
Fall River	11.2	9.9	8.2	11.4	7.7	8.5	6.9	10.3	11.8	7.9	9.0
Lawrence-Haverhill	7.8	6.7	6.4	8.7	5.6	6.3	8.3	7.8	10.1	6.8	6.8
Lowell	9.7	10.2	8.8	9.7	7.2	7.2	6.7	6.9	10.9	8.6	8.4
New Bedford	10.1	9.4	7.5	10.8	8.2	8.8	6.3	6.3	10.8	9.1	8.9
Springfield-Holyoke	7.9	7.6	7.0	7.4	6.6	6.9	3.4	4.8	8.1	6.8	6.6
Worcester	6.9	6.4	5.2	5.6	4.9	6.3	2.8	4.2	8.9	6.9	5.8
Michigan:											
Battle Creek	7.0	7.4	6.7	5.5	4.4	6.8	3.6	4.5	8.0	4.3	6.2
Detroit	6.7	7.2	7.1	8.6	6.9	7.3	7.9	7.4	16.5	10.5	7.6
Flint	4.7	6.2	6.6	9.3	5.3	2.4	6.2	8.3	14.2	11.1	6.4
Grand Rapids	4.3	5.4	5.5	6.5	4.8	5.2	4.4	7.6	12.7	6.3	5.4
Lansing	5.4	5.4	4.2	5.4	4.0	4.0	5.2	5.2	8.4	6.6	4.6
Muskegon-Muskegon Heights	6.4	5.3	5.5	9.6	9.4	10.6	6.4	8.9	13.7	8.0	8.0
Saginaw	4.2	4.5	4.6	4.9	4.0	4.8	4.7	4.2	9.2	6.6	5.1
Minnesota:											
Duluth-Superior	11.0	11.0	7.2	6.3	5.9	8.1	5.2	5.0	11.3	9.8	8.3
Minneapolis-St. Paul	5.3	5.3	3.5	3.7	3.1	4.0	3.2	3.5	6.1	4.2	4.2
Missouri:											
Kansas City	7.1	7.9	8.2	8.3	6.0	6.1	6.2	4.8	6.4	5.7	7.3
St. Louis	6.5	6.8	5.2	5.1	4.9	5.8	4.1	4.4	8.0	5.7	5.7
New Jersey:											
Atlantic City	15.0	15.3	7.6	5.6	5.3	11.2	9.4	10.3	12.2	10.0	9.5
Jersey City ¹			6.9	7.6	6.3	6.7		6.2	9.0	7.3	7.0
Newark	6.6	6.2	5.8	6.5	5.4	5.9	4.9	5.9	8.5	6.6	6.3
New Brunswick-Perth Amboy	6.9	6.5	5.1	6.2	5.0	5.7	4.1	5.3	8.3	6.0	5.9
Paterson-Clifton-Passaic	7.2	7.2	6.5	7.6	5.6	6.2	5.2	6.2	9.5	7.0	6.7
Trenton	6.8	6.9	4.9	6.8	5.7	6.0	5.7	6.0	8.8	6.8	6.2
New York:											
Albany-Schenectady-Troy	7.6	8.2	6.1	7.0	5.7	6.7	3.6	3.9	6.9	7.1	6.9
Binghamton	5.4	6.3	5.2	4.3	4.4	4.4	3.3	2.8	6.0	5.1	5.0
Buffalo	8.8	8.7	7.0	8.2	7.5	8.5	4.0	4.5	11.0	9.5	8.1
New York	6.6	5.9	5.3	6.0	4.9	5.4	5.1	5.2	7.4	6.2	5.7
Syracuse	6.5	6.5	5.1	6.0	5.4	6.0	3.3	3.8	7.8	6.4	5.9
Utica-Rome	9.9	9.5	7.4	8.1	6.2	8.1	5.5	5.4	10.4	8.5	8.2
North Carolina:											
Asheville	6.6	6.8	4.4	5.4	5.5	6.5	6.8	6.9	8.1	5.9	5.9
Durham	6.3	7.1	6.5	5.8	3.2	4.5	5.7	6.7	8.1	5.9	5.7
Greensboro-High Point	3.9	4.2	3.4	3.9	3.3	4.6	4.0	4.5	5.5	3.3	3.9

See footnotes at end of table, p. 70.

Bimonthly and annual average unemployment rates, major areas classified as areas of substantial labor surplus, January–November 1960—Continued

	1960						Annual averages				
	Jan.	Mar.	May	July	Sept.	Nov.	1956	1957	1958	1959	1960
Ohio:											
Akron.....	4.9	5.5	4.6	4.9	5.1	6.1	2.4	2.3	5.9	3.8	5.2
Canton.....	3.5	4.0	4.9	7.3	6.2	8.6	2.2	4.0	9.0	4.2	5.8
Cleveland.....	4.5	5.2	4.0	5.1	5.0	6.3	2.9	3.1	7.5	4.7	5.0
Dayton.....	3.8	4.4	3.4	4.4	4.1	4.6	3.0	4.1	5.8	2.8	4.1
Hamilton-Middletown.....	5.0	6.1	5.0	6.8	7.2	8.4	2.5	4.0	7.0	5.0	6.4
Lorain-Elyria.....	4.5	4.3	6.5	7.7	7.6	9.7	2.8	3.7	14.0	6.0	6.7
Steubenville-Weirton ¹	7.3	5.2	3.7	5.5	6.1	7.3				4.2	5.9
Toledo.....	4.9	5.2	4.3	5.4	4.8	5.6	5.1	4.3	8.2	5.8	5.0
Youngstown-Warren.....	4.5	4.8	5.9	9.2	10.1	11.4	2.6	3.5	10.7	5.3	7.7
Oregon: Portland.....	6.1	5.4	4.0	4.1	3.9	6.0	4.3	5.6	7.6	4.9	4.9
Pennsylvania:											
Allentown-Bethlehem-Easton.....	6.6	7.4	4.2	5.3	4.9	6.2	2.7	4.1	8.2	6.8	5.9
Altoona.....	8.9	8.9	9.8	11.4	11.1	12.3	9.2	10.5	16.5	11.2	10.4
Erie.....	11.0	9.8	7.7	8.2	8.4	9.4	5.0	6.6	13.2	11.2	9.5
Johnstown.....	11.4	10.6	10.0	11.6	12.6	15.3	7.8	6.9	15.8	16.4	12.9
Philadelphia.....	6.5	6.5	5.3	5.8	5.9	6.0	5.7	6.0	8.3	6.7	6.1
Pittsburgh.....	8.7	8.0	7.6	9.8	10.4	11.5	4.3	4.7	11.2	9.3	9.3
Reading.....	4.8	5.4	4.3	5.2	4.3	4.6	4.0	5.2	7.8	5.5	5.0
Scranton.....	14.1	13.3	10.6	11.9	10.3	11.8	11.8	10.3	14.9	13.4	12.0
Wilkes-Barre-Hazleton.....	16.0	14.7	12.9	13.7	11.8	13.2	13.0	11.3	17.3	15.9	12.8
York.....	6.2	6.5	5.7	6.4	5.5	5.9	4.6	5.9	7.2	5.9	5.5
Rhode Island: Providence-Pawtucket.....	8.3	8.4	7.2	7.6	7.1	7.5	8.0	9.9	12.8	8.9	7.2
Tennessee:											
Chattanooga.....	6.5	7.1	5.8	6.8	5.9	6.0	5.6	6.0	7.9	6.6	6.4
Knoxville.....	7.1	7.7	6.0	5.3	5.1	6.2	6.9	7.0	9.8	6.0	6.2
Memphis.....	4.8	5.2	4.3	4.8	4.5	5.1	4.5	5.2	6.6	5.2	4.8
Texas:											
Beaumont-Port Arthur.....	9.5	9.1	6.8	6.9	5.6	6.6	4.6	4.6	9.3	9.9	7.4
Corpus Christi.....	7.3	7.9	6.1	6.1	5.2	6.8	5.1	4.9	7.0	6.3	6.6
Fort Worth.....	5.3	5.2	3.9	4.5	4.2	5.3	4.2	5.5	6.6	4.9	4.7
Houston.....	4.7	4.6	4.1	4.5	4.5	4.7	3.4	3.4	6.0	4.7	4.5
Virginia: Roanoke.....	7.2	7.6	6.5	6.8	6.6	7.2	3.1	2.7	7.4	7.8	6.7
Washington:											
Spokane.....	9.3	9.0	5.6	5.5	5.6	7.7	4.8	6.1	9.2	7.0	7.1
Tacoma.....	8.8	7.6	5.3	5.5	5.6	7.9	4.5	5.1	8.3	6.2	6.8
West Virginia:											
Charleston.....	8.4	8.7	7.2	7.2	6.5	7.7	8.7	7.4	14.4	8.3	7.5
Huntington-Ashland.....	14.0	13.0	11.1	11.8	9.7	12.8	5.8	5.9	13.8	12.9	11.8
Wheeling.....	13.7	13.7	11.9	13.5	11.6	14.2	4.4	5.2	11.8	13.0	12.9
Wisconsin:											
Kenosha.....	2.3	2.2	2.0	4.6	4.6	3.5	8.3	6.3	6.2	2.6	3.2
Milwaukee.....	3.5	3.3	2.9	4.1	3.4	4.3	2.2	2.8	6.0	3.4	3.6
Racine.....	4.8	4.0	3.7	4.4	3.9	4.5	4.7	5.5	7.5	3.6	4.2

¹ Recently defined major labor market area. Data not available for periods earlier than those shown on the table.

NOTES

1. Annual averages for major areas generally based upon data for 6 bimonthly reporting periods.
2. Data compiled from bimonthly reports prepared under the regular area labor market reporting and area classification programs of the Bureau of Employment Security and affiliated State employment security agencies.
3. Due to changes in area definition and geographical boundaries, data for some areas for periods prior to 1960 may not be entirely comparable with those for 1960.
4. INA—Information not available.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Jan. 10, 1961; revised Mar. 7, 1961.

Average unemployment rates, smaller areas classified as areas of substantial labor surplus

	Semiannual data for 1960		Annual averages ¹					
			1956	1957	1958	1959	1960	
Alabama:								
Alexander City	February	8.0						
Anniston				5.9	10.6	8.1	7.5	
Florence-Sheffield ²	June	7.3		7.7	13.3	7.8	9.8	
Gadsden	January	9.8	July	6.5	12.4	10.2	12.6	
Jasper	April	7.3	October	7.6	7.2	11.9	8.2	8.9
Talladega	May	6.3	November	9.6	4.2	7.2	11.2	7.9
Alaska: Anchorage ²	February	8.1	August	2.1	10.3	5.7	5.4	7.1
Arkansas: Fort Smith								5.4
California:								
Eureka ²	June	5.9	October	7.6	4.3	6.8	7.9	4.1
Ukiah ²	June	7.3	October	6.5	5.1	9.0	9.0	6.2
Colorado: Pueblo			October	9.8		3.8	6.7	5.0
Connecticut:								
Ansonia	June	10.6		3.3	4.8	12.5	9.2	9.6
Bristol	June	12.9		3.2	7.7	18.9	10.9	12.3
Danbury								
Danielson	April	7.1	October	8.3	6.5	8.4	13.0	8.3
Meriden	June	8.6		2.6	4.7	11.9	6.8	7.8
Middletown	June	6.9		2.9	3.7	9.0	7.3	6.6
Norwich	June	6.7		4.3	6.0	11.1	8.2	8.0
Torrington	June	6.6		2.7	4.7	12.5	7.5	7.6
Willimantic								
Delaware: Dover	April	7.1	October	3.4			4.5	7.0
Georgia:								
La Grange								
Toccoa								
Illinois:								
Canton								
Centralia	May	8.8	November	9.9	(²)	9.6	13.5	7.0
Decatur								
Harrisburg	March	18.7	September	9.3	11.4	11.4	19.3	15.4
Herrin-Murphysboro-West Frankfort	February	17.7	August	14.3	15.8	15.4	19.2	17.0
La Salle								
Litchfield								
Mount Carmel-Olney	June	7.0		6.1	7.0	8.6	6.5	7.6
Mount Vernon	April	11.3	October	8.2	8.5	7.5	13.9	9.0
Springfield								9.8
Indiana:								
Anderson								
Columbus								
Connersville	March	6.9	September	7.0	(²)	11.9	10.9	7.9
Lafayette								
Marion								
Michigan City-La Porte								
Muncie						9.2	13.2	(²)
New Castle						6.6	18.2	8.3
Richmond								6.4
Vincennes	February	7.8	August	5.2	13.2	10.5	9.3	7.3
Iowa: Ottumwa								6.5
Kansas:								
Coffeyville-Independence-Parsons	May	6.2	November	8.2	6.2	6.2	8.3	7.2
Pittsburg	March	12.3	September	6.2	8.7	9.0	12.1	8.0
Kentucky:								8.5
Corbin	March	11.5		12.2	12.3	15.6	9.5	11.0
Frankfort								
Hazard	March	12.9		10.1	9.7	16.7	14.6	13.8
Hopkinsville	April	8.3		8.6	9.3	11.8	8.0	8.8
Lexington								
Madisonville	March	10.6		9.6	9.6	12.9	9.4	10.2
Middlesboro-Harlan	March	15.9		11.1	12.0	19.2	14.7	13.7
Morehead-Grayson	March	16.8		9.4	14.1	22.8	15.6	14.6
Owensboro	April	7.4		7.9	7.5	13.3	7.7	7.0
Paducah	May	9.0			9.9	14.0	8.4	8.6
Paintsville-Prestonsburg	March	15.0		10.2	10.5	17.6	13.5	12.5
Pikeville-Williamson	April	16.7		13.7	12.1	27.1	22.6	20.3
Louisiana:								
Alexandria								
Lake Charles	May	7.6	November	6.9	3.2	4.0	7.3	7.4
Opelousas								7.9
Maine:								
Biddeford-Sanford	February	12.1	August	6.1	11.1	9.8	14.4	11.6
Lewiston-Auburn	April	9.4	October	8.2	(²)	6.6	10.9	6.7

See footnotes at end of table, p. 74.

Average unemployment rates, smaller areas classified as areas of substantial labor surplus—Continued

	Semiannual data for 1960		Annual averages ¹				
			1956	1957	1958	1959	1960
Maryland:							
Cambridge.....	February..... 10.5	August..... 9.0			10.5	13.8	13.1
Cumberland.....	February..... 10.5	August..... 9.0	13.4	11.6	12.9	10.6	9.7
Frederick.....							
Hagerstown.....	April..... 11.4	October..... 10.6			8.7	11.2	11.7
Massachusetts:							
Fitchburg-Leominster.....							
Greenfield.....							
Marlboro.....							
Milford.....							
Newburyport.....	May..... 8.3		5.2	6.0	10.2	7.6	9.2
North Adams.....	February..... 11.6	August..... 9.8	5.6	9.6	17.0	13.4	11.1
Pittsfield.....							
Southbridge-Webster.....		August..... 7.1	4.6	7.6	10.7	7.5	7.4
Taunton.....							
Ware.....							
Michigan:							
Adrian.....	February..... 4.1	August..... 9.6	6.5	7.1	12.4	6.6	8.6
Allegan.....							
Ann Arbor-Ypsilanti.....			3.8	3.8	9.5	4.5	3.7
Bay City.....	February..... 8.3	August..... 13.9	6.1	6.9	14.6	10.3	9.7
Benton Harbor.....	February..... 8.3		4.2	5.2	9.7	3.9	4.3
Escanaba.....							
Holland-Grand Haven.....							
Ionia-Belding-Greenville.....			5.4	6.4	12.8	6.8	6.9
Iron Mountain.....	February..... 10.2	August..... 5.2	6.2	6.2	13.1	8.5	7.9
Jackson.....			4.2	5.5	10.6	6.6	6.5
Marquette.....	January..... 8.8	July..... 4.3	5.2	5.9	14.5	9.9	6.7
Monroe.....	March..... 7.9	September..... 7.8	8.8	9.2	14.8	8.0	8.6
Owosso.....			5.8	6.3	12.4	7.1	6.0
Port Huron.....	February..... 8.6	August..... 7.7	7.4	8.2	12.8	9.9	8.1
Sturgis.....							
Minnesota:							
Mississippi:							
Biloxi-Gulfport ²	January..... 7.5	July..... 6.1		9.0	7.4	6.3	5.8
Greenville ²				5.4	7.5	3.8	4.4
Missouri:							
Cape Girardeau.....							
Flat River.....		June..... 16.9	(³)	(³)	12.2	11.5	14.9
Joplin.....	May..... 9.1	November..... 10.7	6.2	6.1	10.6	6.9	9.0
Washington.....	April..... 14.9	October..... 15.3			8.9	7.3	15.1
Montana:							
Butte.....	June..... 9.1			12.7	13.9	17.9	10.6
Great Falls.....							
Kalispell.....	June..... 7.0			9.6	13.3	10.8	10.0
Nebraska: Lincoln.....							
New Jersey:							
Bridgeton.....	April..... 9.8	October..... 5.7	8.8	9.7	10.1	9.4	8.1
Long Branch.....	January..... 10.8	July..... 7.4	6.7	8.0	10.5	9.1	8.8
Ocean City-Wildwood-Cape May.....				10.8	13.7	12.8	11.7
New York:							
Amsterdam.....	April..... 11.2		9.2		15.0	10.1	12.4
Auburn.....	March..... 8.9	September..... 9.1	7.2	7.5	13.8	10.4	9.1
Batavia.....							
Corning-Hornell.....							
Elmira.....	February..... 6.8	August..... 4.2		4.3	10.7	7.7	5.7
Glen Falls-Hudson Falls.....							
Gloversville.....	May..... 15.3		(³)	14.4	19.2	12.1	16.0
Jamestown-Dunkirk.....	March..... 9.6	September..... 5.8		3.8	11.7	9.4	8.4
Kingston.....							
Newburgh-Middletown-Beacon.....	May..... 8.2			6.9	9.4	7.9	(³)
Ogdensburg-Massena-Malone.....	June..... 8.2				12.9	10.3	10.6
Olean-Salamanca.....					8.5	7.3	6.4
Oneonta.....							
Plattsburgh.....	February..... 14.6	August..... 8.4			10.4	10.6	12.1
Watertown.....							
Wellsville.....	April..... 8.7	October..... 6.1		4.5	9.5	7.2	7.4
North Carolina:							
Fayetteville.....	March..... 8.4	September..... 6.2	8.4	10.3	11.5	7.8	7.3
Greenville.....	February..... 11.7	August..... 2.9				6.7	7.3
Hendersonville.....	January..... 7.6	July..... 5.5			11.2	10.4	6.6
Kinston.....	April..... 9.6	October..... 2.6	5.3	8.4	7.8	7.6	6.1
Lumberton.....	February..... 13.7	August..... 7.1			9.8	9.5	10.4
Mount Airy.....	June..... 7.0		7.8	8.6	10.7	6.0	6.3
Morgantown.....							
Rockingham-Hamlet.....	April..... 5.4			13.8	21.6	12.7	
Rocky Mount.....	April..... 6.1	October..... 2.9	5.3	7.0	6.4	4.6	

See footnotes at end of table, p. 74.

Average unemployment rates, smaller areas classified as areas of substantial labor surplus—Continued

	Semiannual data for 1960		Annual averages ¹				
			1956	1957	1958	1959	1960
North Carolina—Continued							
Rutherfordton-Forest City							
Shelby-Kings Mountain							
Thomasville-Lexington							
Waynesville			6.3	6.1	6.1	6.3	
Wilson	April..... 6.6	October..... 2.6			8.1	6.5	4.6
Ohio:							
Ashland ²	March..... 8.2	June..... 5.6		2.6	3.3	2.0	(³)
Ashtabula-Conneaut	August..... 8.3	October..... 8.9			9.6	5.0	8.6
Athens-Logan-Nelsonville ²				6.0	12.4	7.1	(³)
Batavia-Georgetown-West Union ²							
Cambridge ²				14.4	21.2	11.3	17.6
Defiance				6.1	14.3	7.3	13.1
East Liverpool-Salem	April..... 6.4	June..... 6.5		6.3	8.7	5.8	7.1
Findlay-Tiffin-Fostoria							
Kent-Ravenna	August..... 7.0	October..... 8.0				4.7	7.5
Kenton							
Lima							
Mansfield	January..... 4.8	June..... 5.3		4.8	6.3	3.3	(³)
Marietta				3.1	9.2	5.7	(³)
Marion							
Newark ²				3.6	7.9	4.3	(³)
New Philadelphia-Dover ²				3.3	8.5	3.7	(²)
Portsmouth-Chillicothe	May..... 7.4	November.. 9.0	7.7	9.8	10.7	6.4	7.8
St. Mary's							
Sandusky-Fremont ²				2.5	7.8	3.6	(³)
Springfield ²				4.8	9.3	3.5	(³)
Washington-Wilmington ²				3.7	6.6	3.7	(³)
Zanesville ²				3.6	7.4	4.2	(³)
Oklahoma:							
Ardmore	February... 7.9	August..... 5.6		3.1	6.3	5.6	
McAlester	January..... 10.2	July..... 7.5	8.3	8.7	10.6	9.2	9.8
Muskogee	February... 12.5	August..... 7.7	6.7	8.3	8.9	9.4	8.8
Okmulgee-Henryetta	March..... 7.9	September.. 6.1		3.7	13.0	7.7	6.8
Shawnee							7.9
Oregon:							
Albany							
Coos Bay ²			5.6	7.6	9.2	5.2	7.0
Eugene							
Pendleton							
Roseburg ²			5.3	8.8	9.3	4.5	6.8
Pennsylvania:							
Berwick-Bloomsburg	April..... 7.6	October..... 8.6	8.7	9.9	14.9	10.1	9.5
Bradford							
Butler	March..... 8.8	September.. 9.0	(³)	3.5	12.4	9.9	8.6
Chambersburg-Waynesboro							
Clearfield-Du Bois	March..... 13.3	September.. 12.2	6.4	7.2	14.6	13.7	11.8
Indiana	January..... 9.2	July..... 9.6	5.3	5.5	10.2	8.8	9.2
Kittanning-Ford City	February... 12.0	August..... 13.8	6.3	10.3	20.3	14.9	13.8
Lewistown	May..... 7.2	November.. 9.9	6.7	7.3	13.1	9.0	8.5
Lock Haven							
Meadville	April..... 9.6	October..... 9.1		6.6	13.4	11.1	9.4
New Castle	March..... 9.6	September.. 12.0	(³)	4.8	14.2	10.4	10.8
Oil City-Franklin-Titusville	March..... 8.5	September.. 7.5	(³)	4.3	11.4	9.5	
Pottsville	July..... 18.9	November.. 18.3	13.0	14.0	18.2	15.7	18.1
St. Marys	February... 10.3	August..... 11.5	(³)	6.5	11.5	9.6	9.6
Sayre-Athens-Towanda	March..... 7.4	September.. 6.5	(³)	6.6	12.7	8.9	7.0
Sharon-Farrell	January..... 7.2	August..... 9.1				8.7	
Sunbury-Shamokin-Mt. Carmel	March..... 13.0	September.. 8.8	8.3	8.4	12.2	10.8	10.6
Uniontown-Connellsville	March..... 17.8	September.. 21.4	13.1	14.7	24.7	21.9	19.6
Williamsport	March..... 8.1	September.. 6.1	(³)	6.3	10.2	8.4	7.0
Rhode Island: Newport							
South Carolina: Marion-Dillon							
Tennessee:							
Bristol-Johnson City-Kingsport	March..... 7.9	September.. 6.2	6.4	6.1	7.5	5.7	6.9
Columbia							
La Follette-Jellico-Tazewell	April..... 11.0	October..... 13.0	16.5	12.5	14.5	13.8	11.0
Texas:							
Laredo	March..... 9.9	September.. 9.5	(³)	7.2	9.3	9.6	9.7
Texarkana	March..... 9.5	November.. 7.6	7.3	9.3	9.5	7.2	7.6
Wichita Falls							
Utah: Provo	April..... 5.7	October..... 7.5	5.2	4.9	7.7	6.3	7.9
Vermont:							
Burlington							
Springfield							

See footnotes at end of table, p. 74.

Average unemployment rates, smaller areas classified as areas of substantial labor surplus—Continued

	Semiannual data for 1960		Annual averages ¹				
			1956	1957	1958	1959	1960
Virginia:							
Big Stone Gap-Appalachia.....	April..... 10.7	October..... 12.3	9.5	9.2	13.0	11.4	11.6
Covington-Clifton Forge.....	-----	-----	5.2	6.6	7.6	4.9	6.0
Radford-Pulaski.....	-----	-----	-----	-----	-----	-----	4.8
Richlands-Bluefield.....	May..... 8.6	November... 9.5	5.7	4.0	8.2	8.5	9.0
Washington:							
Aberdeen.....	February..... 8.7	August..... 7.5	(3)	10.5	12.2	8.3	8.1
Anacortes.....	February..... 15.9	August..... 6.1	(3)	13.7	13.9	9.7	10.8
Bellingham.....	-----	August..... 4.9	(3)	9.5	9.4	7.7	8.3
Bremerton.....	March..... 6.7	September... 5.6	(3)	4.9	9.1	6.9	6.5
Olympia.....	-----	-----	-----	-----	-----	-----	-----
Port Angeles.....	February..... 8.4	August..... 7.0	(3)	12.1	14.1	8.5	7.7
West Virginia:							
Beckley.....	February..... 25.7	August..... 23.0	10.1	8.5	21.7	28.4	24.4
Bluefield.....	June..... 17.8	-----	(3)	(3)	20.0	20.2	18.8
Clarksburg.....	April..... 11.4	October..... 8.6	(3)	6.6	11.3	10.0	10.0
Fairmont.....	April..... 10.9	October..... 11.9	6.7	6.5	14.4	15.3	11.1
Logan.....	February..... 16.0	August..... 17.2	6.9	6.8	18.2	19.0	16.6
Martinsburg.....	April..... 9.9	October..... 6.6	(3)	5.4	8.5	8.1	8.2
Morgantown.....	April..... 13.6	October..... 12.2	(3)	5.6	16.4	17.2	12.9
New Martinsville.....	August..... 7.1	October..... 7.3	-----	-----	-----	-----	-----
Parkersburg.....	June..... 7.9	-----	(3)	4.8	9.5	8.0	9.7
Point Pleasant-Gallipolis.....	February..... 12.1	August..... 10.4	8.2	6.0	11.8	11.4	11.3
Ronceverte - White Sulphur Springs.....	February..... 14.9	August..... 10.5	8.7	7.7	10.3	12.9	12.7
Weich.....	June..... 26.0	-----	7.8	13.0	25.0	26.0	29.4
Oakhill-Montgomery.....	-----	-----	-----	-----	-----	-----	22.4
Wisconsin:							
Beaver Dam.....	-----	-----	-----	-----	-----	-----	-----
Beloit.....	-----	-----	-----	-----	-----	-----	-----
Eau Claire-Chippewa Falls.....	-----	-----	-----	-----	-----	-----	-----
La Crosse.....	January..... 10.6	July..... 6.8	(3)	4.8	8.2	7.1	6.2
Lake Geneva-Whitewater.....	-----	-----	-----	-----	-----	-----	-----
Oshkosh.....	-----	-----	-----	-----	-----	-----	-----
Watertown.....	-----	-----	-----	-----	-----	-----	-----

¹ Annual averages are generally based upon data for 2 reporting months. Data for additional months have been used in computing annual averages when available although such data are not shown in table.

² Data used for these areas are insured unemployment rather than total unemployment rates. These data were compared with U.S. average insured unemployment rate in making eligibility determination.

³ Information not available.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Jan. 10, 1961; revised, Mar. 7, 1961.

NOTE 1.—Annual average data shown only for areas currently classified as "Areas of Substantial Labor Surplus."

NOTE 2.—Data are generally available only for periods in which smaller areas classified as "Areas of Substantial Labor Surplus."

NOTE 3.—Data compiled from semiannual reports prepared under the regular area labor market reporting and classification programs of the Bureau of Employment Security and affiliated State employment security agencies.

NOTE 4.—A smaller area is defined as an area with a labor force of 15,000 or more which is officially classified as a "Smaller Area of Substantial Labor Surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

APPENDIX C

(Secretary of Agriculture)

CRITERIA FOR THE IDENTIFICATION OF RURAL "REDEVELOPMENT AREAS"

The Department of Agriculture is especially concerned that efforts be made to improve economic conditions and employment in depressed rural areas that do not qualify under section 5(a). These are the areas described under section 5(b) as being "* * *" among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment."

The Department of Agriculture has general information as to where these areas are and has made studies in a number of them that reveal the existence of serious underemployment and unemployment, low incomes and low levels of living.

The seven criteria suggested by the bill permit designation of the most critical areas, and assignment of priorities among them for participation in area redevelopment. The rural development studies of the Department have used some of these criteria to delineate problem areas. We have found that it is helpful to use more than one criterion because some kinds of problems will be revealed by one criterion and some by another. However, the areas delineated by the different criteria tend to overlap so that the most serious problem areas are characterized by the presence of several problems. In selection of rural development areas we do not think it would be necessary to use all of the criteria suggested in the bill in each area.

The first criterion suggested in the bill is the number of low-income families in each area. Using data now available we believe that it would be unwise to establish a hard-and-fast definition of low income. But in our economy, farm families with net money incomes from all sources under \$1,000 certainly have very low incomes. Likewise farm families dependent mainly upon farming who have gross farm product sales under \$5,000 are clearly low-income families. We now have data showing the number of commercial farmers in each county in the United States who in 1959 had farm product sales of less than \$5,000 and the percent that these are of all commercial farms. (This is the second test proposed in the bill.) These figures give only the income from farming, but by the end of 1961 information will be available from the census that will permit us to identify the areas in which a specified number of rural farm families have net incomes from all sources below specified levels. The ratio of the median incomes of farm families to those of nonfarm families also can be shown. We have made and used analyses of these kinds from the 1950 census. With some simple adjustments we can make year-to-year estimates of these income data to keep them up to date.

The relationship of income levels of families in depressed rural areas to general levels of income in the United States is mentioned as a third test. This is a useful criterion to identify the extent of the income gap between farm and nonfarm families in the areas concerned. Information to identify such areas will be available from the 20 percent sample of the 1960 census.

The fourth criterion refers to current and prospective employment opportunities. Studies have been made by the Department of Agriculture in a few low-income farm areas. These indicate a lack of nearby jobs in nearly all areas studied, but there is inadequate information on labor demands by areas to make a nationwide analysis. However, designation of rural areas for immediate action under a redevelopment program can be done now on the basis of the areas in which labor demand information is available through the Department of Labor and elsewhere.

Availability of manpower for supplemental employment is a fifth criterion proposed in the bill.

Much information is currently available in the Department on number of workers, earnings, employment, and characteristic of the labor force in each of the Nation's counties. The availability of workers in these counties for employment will generally be greatly influenced by the size of their present wages or earnings relative to the wages that would be offered by new industries developing in these areas.

The area studies made by the Department of Agriculture furnish evidence that areas of rural low income usually have a supply of manpower available for fuller employment on the farm or at nonfarm jobs. We have an estimate of the national loss in manpower through underemployment in agriculture. We do not have a similar estimate area by area, but in general, the regional information on income levels gives a good indication of the most serious areas of under used manpower.

The extent of outmigration is an important indicator of areas of low economic growth, and limited employment opportunity. This is the sixth criterion proposed. Rates of outmigration of rural farm people by economic areas was used as an important indicator of need for rural development in the nationwide study made by the Department of Agriculture in 1955. Information on rates of outmigration of rural people and of the population was obtained in the census of 1959 and will be available this year.

The seventh criterion, percent of population receiving some kind of public assistance, might be used as an indicator of extent of distress in local areas but such information would need to be analyzed carefully because of the different standards used among States and localities in the operation of welfare programs. While this criterion would be useful, it would not be necessary to the selection of areas.

Calendar No. 63

87TH CONGRESS
1ST SESSION

S. 1

[Report No. 61]

IN THE SENATE OF THE UNITED STATES

JANUARY 5 (legislative day, JANUARY 4), 1961

Mr. DOUGLAS (for himself, Mr. CLARK, Mr. COOPER, Mr. BYRD of West Virginia, Mr. RANDOLPH, Mr. SPARKMAN, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. BEALL, Mr. JAVITS, Mr. HUMPHREY, Mr. MORSE, Mr. PASTORE, Mr. KEFAUVER, Mr. MONRONEY, Mr. ANDERSON, Mr. SYMINGTON, Mr. CHAVEZ, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCNAMARA, Mr. JACKSON, Mr. HART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. BIBLE, Mr. CHURCH, Mr. HARTKE, Mr. GRUENING, Mr. MOSS, Mr. BARTLETT, Mr. MCGEE, Mr. YOUNG of Ohio, Mr. LONG of Hawaii, Mr. YARBOROUGH, Mr. ENGLE, Mr. DODD, Mr. BURDICK, Mrs. NEUBERGER, Mr. METCALF, Mr. LONG of Missouri, Mr. PELL, Mr. SMITH of Massachusetts, and Mr. CANNON) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

MARCH 8, 1961

Reported by Mr. DOUGLAS, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Redevelopment
4 Act".

~~DECLARATION OF PURPOSE~~

2 SEC. 2: The Congress declares that the maintenance of
3 the national economy at a high level is vital to the best in-
4 terests of the United States; but that some of our communi-
5 ties are suffering substantial and persistent unemployment
6 and underemployment; that such unemployment and under-
7 employment cause hardship to many individuals and their
8 families and detract from the national welfare by wasting
9 vital human resources; that to overcome this problem the
10 Federal Government, in cooperation with the States, should
11 help areas of substantial and persistent unemployment and
12 underemployment to take effective steps in planning and
13 financing their economic redevelopment; that Federal as-
14 sistance to communities, industries, enterprises, and indi-
15 viduals in areas needing redevelopment should enable such
16 areas to achieve lasting improvement and enhance the do-
17 mestic prosperity by the establishment of stable and diver-
18 sified local economies; and that under the provisions of this
19 Act new employment opportunities should be created by
20 developing and expanding new and existing facilities and
21 resources without substantially reducing employment in other
22 areas of the United States.

AREA REDEVELOPMENT ADMINISTRATION

SEC. 3: In order to carry out the purposes of this Act, there is hereby established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the same rate as that prescribed by law for an assistant secretary of an executive department.

ADVISORY BOARD

SEC. 4: (a) To advise the Administrator in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Administrator as Chairman; the Secretaries of Agriculture; Commerce; Defense; Health, Education, and Welfare; Interior; Labor; and Treasury; the Administrators of the General Services Administration, Housing and Home Finance Agency; and Small Business Administration; and the Director of the Office of Civil and Defense Mobilization.

1 The Chairman may from time to time invite the partici-
2 pation of officials of other agencies of the executive branch
3 interested in the functions herein authorized. Each member
4 of the Board may designate an officer of his agency to act
5 for him as a member of the Board with respect to any matter
6 there considered.

7 (b) The Administrator shall appoint a National Public
8 Advisory Committee on Area Redevelopment which shall
9 consist of twenty-five members and shall be composed of
10 representatives of labor, management, agriculture, and the
11 public in general. From the members appointed to such
12 Committee the Administrator shall designate a Chairman.
13 Such Committee, or any duly established subcommittee
14 thereof, shall from time to time make recommendations to
15 the Administrator relative to the carrying out of his duties
16 under this Act. Such Committee shall hold not less than
17 two meetings during each calendar year.

18 (c) The Administrator is authorized from time to time
19 to call together and confer with representatives of the vari-
20 ous parties in interest from any industry, including agricul-
21 ture, which has been a primary source of high levels of
22 unemployment or underemployment in the several areas
23 designated by the Administrator as redevelopment areas.
24 The Administrator may also call upon representatives of
25 interested governmental departments and agencies, together

1 with representatives of transportation and other industries; to
2 participate in any conference convened under authority of
3 this subsection whenever he determines that such participa-
4 tion would contribute to a solution of the problems creating
5 such unemployment or underemployment. The representa-
6 tives at any such conference shall consider with and may
7 recommend to the Administrator plans and programs to
8 further the objectives of this Act with special reference to
9 the industry with respect to which the conference was
10 convened.

11 REDEVELOPMENT AREAS

12 SEC. 5. (a) The Administrator shall designate as "re-
13 development areas" those areas within the United States in
14 which he determines that there has existed substantial and
15 persistent unemployment for an extended period of time.
16 There shall be included among the areas so designated any
17 area—

18 (1) where the rate of unemployment, excluding un-
19 employment due primarily to temporary or seasonal
20 factors, is currently 6 per centum or more and has
21 averaged at least 6 per centum for the qualifying time
22 periods specified in subparagraph (2) below; and

23 (2) where the annual average rate of unemploy-
24 ment has been at least—

1 ~~(A)~~ 50 per centum above the national average
2 for three of the preceding four calendar years; or
3 ~~(B)~~ 75 per centum above the national average
4 for two of the preceding three calendar years; or
5 ~~(C)~~ 100 per centum above the national aver-
6 age for one of the preceding two years.

7 Any area in which a substantial part of the employ-
8 ment is or most recently was in an industry adversely
9 affected by the reduction of trade barriers under the Trade
10 Agreements Extension Act of 1951, as amended, with
11 respect to which the President has reported to the Adminis-
12 trator under subsection ~~(f)~~ of this section, and meeting the
13 standards of unemployment set forth in this section shall
14 be entitled on application to a priority of consideration by
15 the Administrator for designation as a redevelopment area.

16 ~~(b)~~ The Administrator shall also designate as "re-
17 development areas" those areas ~~(including Indian reserva-~~
18 ~~tions)~~ within the United States which do not meet the
19 requirements set forth in subsection ~~(a)~~ but which he
20 determines are among the highest in numbers and percent-
21 ages of low-income families; and in which there exists a
22 condition of substantial and persistent unemployment or
23 underemployment. In making the designations under this
24 subsection, the Administrator shall consider, among other
25 relevant factors, the number of low-income farm families

1 in the various rural areas of the United States; the proportion
2 that such low-income families are to the total farm families of
3 each of such areas; the relationship of the income levels of
4 the families in each such area to the general levels of income
5 in the United States; the current and prospective employ-
6 ment opportunities in each such area; the availability of
7 manpower in each such area for supplemental employment;
8 the extent of migration out of the area; and the proportion
9 of the population of each such area which has been receiving
10 public assistance from the Federal Government and/or from
11 the State or States in which such area is located or from
12 any municipality therein.

13 (c) In making the determinations provided for in this
14 section, the Administrator shall be guided, but not conclu-
15 sively governed, by pertinent studies made, and information
16 and data collected or compiled, by (1) departments, agen-
17 cies, and instrumentalities of the Federal Government, (2)
18 State and local governments, (3) universities and land-grant
19 colleges, and (4) private organizations.

20 (d) Upon the request of the Administrator, the Secre-
21 tary of Labor, the Secretary of Agriculture, the Secretary
22 of Commerce, and the Secretary of the Interior are respec-
23 tively authorized to conduct such special studies, obtain such
24 information, and compile and furnish to the Administrator
25 such data as the Administrator may deem necessary or

1 proper to enable him to make the determinations provided
2 for in this section. The Administrator shall reimburse, out
3 of any funds appropriated to carry out the purposes of this
4 Act, the foregoing officers for any expenditures incurred by
5 them under this section.

6 ~~(e)~~ As used in this Act, the term "redevelopment area"
7 refers to any area within the United States which has been
8 designated by the Administrator as a redevelopment area
9 and may include one or more States, one or more counties,
10 or one or more municipalities, or a part of a county or
11 municipality.

12 ~~(f)~~ In any case in which the President is required ~~(1)~~
13 under the provisions of subsection 4(a) of the Trade Agree-
14 ments Extension Act of 1951 to transmit a message to the
15 Congress identifying an article with respect to which a trade
16 agreement has caused or threatened to cause serious injury to
17 a domestic industry, or ~~(2)~~ under the provisions of subsec-
18 tion 7(c) of such Act to submit a report to the Committee on
19 Ways and Means of the House of Representatives and the
20 Committee on Finance of the Senate stating why he has not
21 made such adjustments in the rates of duties, imposed such
22 quotas, or made such other modifications, as are found and
23 reported by the United States Tariff Commission to be neces-
24 sary to prevent or remedy serious injury to a domestic

1 industry, he shall notify the Administrator and shall send
2 him a copy of such message or report.

3 LOANS AND PARTICIPATIONS

4 SEC. 6. (a) The Administrator is authorized to pur-
5 chase evidences of indebtedness and to make loans (including
6 immediate participations therein) to aid in financing any
7 project within a redevelopment area for the purchase or
8 development of land and facilities (including, in exceptional
9 cases, machinery and equipment) for industrial or commer-
10 cial usage, for the construction of new buildings, for rehabili-
11 tation of abandoned or unoccupied buildings, or for the altera-
12 tion, conversion, or enlargement of any existing buildings for
13 industrial or commercial use. Such financial assistance shall
14 not be extended for working capital, or to assist establish-
15 ments relocating from one area to another when such assist-
16 ance will result in substantial detriment to the area of original
17 location by increasing unemployment.

18 (b) Financial assistance under this section shall be on
19 such terms and conditions as the Administrator determines,
20 subject, however, to the following restrictions and limita-
21 tions:

22 (1) The total amount of loans and loan participations
23 (including purchased evidences of indebtedness) outstanding

1 at any one time under this section ~~(A)~~ with respect to
2 projects in redevelopment areas designated under section
3 ~~5(a)~~ shall not exceed \$100,000,000 ~~(but not to exceed~~
4 ~~\$30,000,000 prior to July 1, 1962)~~, and ~~(B)~~ with respect
5 to projects in redevelopment areas designated under section
6 ~~5(b)~~ shall not exceed \$100,000,000 ~~(but not to exceed~~
7 ~~\$30,000,000 prior to July 1, 1962)~~;

8 ~~(2)~~ Except as provided in subsection ~~(c)~~, such assist-
9 ance shall be extended only to applicants, both private and
10 public ~~(including Indian tribes)~~, which have been approved
11 for such assistance by an agency or instrumentality of the
12 State or political subdivision thereof in which the project to
13 be financed is located, and which agency or instrumentality
14 is directly concerned with problems of economic develop-
15 ment in such State or subdivision;

16 ~~(3)~~ The project for which financial assistance is sought
17 is reasonably calculated to provide more than a temporary
18 alleviation of unemployment or underemployment within the
19 redevelopment area wherein it is, or will be, located;

20 ~~(4)~~ No such assistance shall be extended hereunder
21 unless the financial assistance applied for is not otherwise
22 available from private lenders or other Federal agencies on
23 reasonable terms;

1 ~~(5)~~ No loans shall be made unless it is determined that
2 an immediate participation is not available;

3 ~~(6)~~ No evidences of indebtedness shall be purchased
4 and no loans shall be made unless it is determined that there
5 is a reasonable assurance of repayment;

6 ~~(7)~~ Subject to section ~~12(5)~~ of this Act, no loan,
7 including renewals or extension thereof, may be made
8 hereunder for a period exceeding twenty-five years and no
9 evidences of indebtedness maturing more than twenty-five
10 years from date of purchase may be purchased hereunder:
11 *Provided*, That the foregoing restrictions on maturities shall
12 not apply to securities or obligations received by the Ad-
13 ministrator as a claimant in bankruptcy or equitable re-
14 organization or as a creditor in other proceedings attendant
15 upon insolvency of the obligor, or if extension or renewal
16 for additional periods, not to exceed, however, a total of ten
17 years, will aid in the orderly liquidation of such loan or of
18 such evidence of indebtedness;

19 ~~(8)~~ Such loans shall bear interest at a rate equal to the
20 rate of interest paid by the Administrator on funds obtained
21 from the Secretary of the Treasury as provided in section 9
22 of this Act, plus one-half of 1 per centum per annum: *Pro-*
23 *vided*, That an amount equal to one-fourth of 1 per centum

1 per annum of the outstanding principal amount of any loan
2 made under this section shall be allocated from the pay-
3 ments received by the Administrator in the form of interest
4 on such loan to a sinking fund to cover losses on loans under
5 this section;

6 ~~(9)~~ Such assistance shall not exceed 65 per centum of
7 the aggregate cost to the applicant ~~(excluding all other Fed-~~
8 ~~eral aid in connection with the undertaking)~~ of acquiring or
9 developing land and facilities ~~(including, in exceptional cases,~~
10 ~~machinery and equipment)~~; and of constructing, altering,
11 converting, rehabilitating, or enlarging the building or build-
12 ings of the particular project and shall, among others, be on
13 the following conditions:

14 ~~(A)~~ That other funds are available in an amount which,
15 together with the assistance provided hereunder, shall be
16 sufficient to pay such aggregate cost;

17 ~~(B)~~ That not less than 10 per centum of such aggregate
18 cost be supplied by the State or any agency, instrumentality,
19 or political subdivision thereof, or by a community or area
20 organization which is nongovernmental in character, as
21 equity capital or as a loan;

22 ~~(C)~~ That in extending financial assistance under this
23 section with respect to a redevelopment area, the Adminis-
24 trator shall require that not less than 5 per centum of the

1 aggregate cost of the project for which such loan is made
2 shall be supplied by nongovernmental sources;

3 ~~(D)~~ That any Federal financial assistance extended
4 under this section in connection with a particular project
5 shall be repayable only after other loans made in connection
6 with such project and in accordance with this section have
7 been repaid in full. If any Federal financial assistance
8 extended under this section is secured, its security shall be
9 subordinate and inferior to the lien or liens securing other
10 loans made in connection with the same project.

11 ~~(10)~~ No such assistance shall be extended unless there
12 shall be submitted to and approved by the Administrator an
13 overall program for the economic development of the area
14 and a finding by the State, or any agency, instrumentality,
15 or local political subdivision thereof, that the project for
16 which financial assistance is sought is consistent with such
17 program: *Provided*, That nothing in this Act shall authorize
18 financial assistance for any project prohibited by laws of
19 the State or local political subdivision in which the project
20 would be located.

21 ~~(e)~~ If there is no agency or instrumentality in any
22 State, or political subdivision thereof, qualified to approve
23 applicants for assistance under this section as provided in
24 paragraph ~~(2)~~ of subsection ~~(b)~~, the Administrator shall,

1 upon determining that any area in such State is a redevelop-
2 ment area, appoint a local redevelopment committee (here-
3 inafter referred to as a "local committee") to be composed
4 of not less than seven residents of such area who, as nearly
5 as possible, are representative of labor, commercial, indus-
6 trial, and agricultural groups, and of the residents generally
7 of such area. In appointing any such local committee, the
8 Administrator may include therein members of any existing
9 local redevelopment committees. Financial assistance under
10 this section in connection with projects located in a rede-
11 velopment area, for which a local committee has been ap-
12 pointed under this section, shall be extended only to appli-
13 cants, both private and public (including Indian tribes),
14 which have been approved by such local committee.

15 (d) Of the funds authorized to be raised under section 9
16 of this Act, not more than \$100,000,000 shall be deposited
17 in a revolving fund which shall be used for the purpose of
18 making loans under this section with respect to projects in
19 redevelopment areas designated under section 5(a), and not
20 more than \$100,000,000 shall be deposited in a revolving
21 fund which shall be used for the purpose of making loans
22 under this section with respect to projects in redevelopment
23 areas designated under section 5(b).

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area or part thereof, the Administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment;
and

1 ~~(5)~~ such area has an approved economic develop-
2 ment programs provided in section 6~~(b)~~~~(10)~~ and
3 the project for which financial assistance is sought is
4 consistent with such program.

5 ~~(b)~~ No loan under this section shall be for an amount
6 in excess of 65 per centum of the aggregate cost of the proj-
7 ect for which such loan is made. Subject to section 12~~(5)~~,
8 the maturity date of any such loan shall be not later than
9 forty years after the date such loan is made. Any such loan
10 shall bear interest at a rate equal to the rate of interest paid
11 by the Administrator on funds obtained from the Secretary
12 of the Treasury as provided in section 9 of this Act, plus
13 one-quarter of 1 per centum per annum.

14 ~~(c)~~ In making any loan under this section, the Ad-
15 ministrator shall require that not less than 10 per centum of
16 the aggregate cost of the project for which such loan is made
17 shall be supplied by the State ~~(including any political sub-~~
18 division thereof) within which such project is to be located
19 as equity capital, or as a loan. In determining the amount
20 of participation required under this subsection with respect
21 to any particular project, the Administrator shall give con-
22 sideration to the financial condition of the State or local
23 government, and to the per capita income of the residents

1 of the redevelopment area, within which such project is to
2 be located.

3 (d) Any loan made under this section in connection
4 with a particular project shall be repayable only after other
5 loans made in connection with such project and in accord-
6 ance with this section have been repaid in full. If any loan
7 made under this section is secured, its security shall be
8 subordinate and inferior to the lien or liens securing other
9 loans made in connection with the same project.

10 (e) No financial assistance shall be extended under this
11 section with respect to any public facility which would com-
12 pete with an existing privately owned public utility rendering
13 a service to the public at rates or charges subject to regula-
14 tion by a State regulatory body, unless the State regulatory
15 body determines that in the area to be served by the public
16 facility for which the financial assistance is to be extended
17 there is a need for an increase in such service (taking into
18 consideration reasonably foreseeable future needs) which the
19 existing public utility is not able to meet through its existing
20 facilities or through an expansion which it is prepared to
21 undertake.

22 (f) Of the funds authorized to be raised under section

1 9 of this Act, not more than \$100,000,000 shall be deposited
2 in a revolving fund which shall be used for the purpose of
3 making loans under this section: *Provided*, That not more
4 than \$30,000,000 shall be deposited in such fund prior to
5 July 1, 1962.

6 GRANTS FOR PUBLIC FACILITIES

7 SEC. 8. (a) The Administrator may conduct studies of
8 needs in the various redevelopment areas throughout the
9 United States for, and the probable cost of, land acquisition
10 or development for public facility usage, and the construction,
11 rehabilitation, alteration, expansion, or improvement of use-
12 ful public facilities within such areas, and may receive pro-
13 posals from any State, or political subdivision thereof, In-
14 dian tribe, or private or public organization or association
15 representing any redevelopment area, or part thereof, relat-
16 ing to land acquisition or development for public facility
17 usage, and the construction, rehabilitation, alteration, expan-
18 sion, or improvement of public facilities within any such area.
19 Any such proposal shall contain plans showing the project
20 proposed to be undertaken, the cost thereof, and the con-
21 tributions proposed to be made to such cost by the entity
22 making the proposal. The Administrator, in consultation
23 with such entity, is authorized to modify all or any part of
24 such proposal.

25 (b) The Administrator, pursuant to a proposal received

1 by him under this section, may make grants to any State, or
 2 political subdivision thereof, Indian tribe, or private or public
 3 organization or association representing any redevelopment
 4 area, or part thereof, for land acquisition or development for
 5 public facility usage, and the construction, rehabilitation,
 6 alteration, expansion, or improvement of public facilities
 7 within a redevelopment area, if he finds that—

8 (1) the project for which financial assistance is
 9 sought will provide more than a temporary alleviation
 10 of unemployment or underemployment in the redevelop-
 11 ment area wherein such project is, or will be, located,
 12 and will tend to improve the opportunities in such area
 13 for the successful establishment or expansion of industrial
 14 or commercial plants or facilities;

15 (2) the entity requesting the grant proposes to
 16 contribute to the cost of the project for which such grant
 17 is requested in proportion to its ability so to contribute;
 18 and

19 (3) the project for which a grant is requested will
 20 fulfill a pressing need of the area, or part thereof, in
 21 which it is, or will be, located, and there is little proba-
 22 bility that such project can be undertaken without the
 23 assistance of a grant under this section.

24 The amount of any grant under this section for any such
 25 project shall not exceed the difference between the funds

1 which can be practicably obtained from other sources (in-
2 cluding a loan under section 7 of this Act) for such project,
3 and the amount which is necessary to insure the completion
4 thereof.

5 (c) The Administrator shall by regulation provide for
6 the supervision of carrying out of projects with respect to
7 which grants are made under this section so as to insure that
8 Federal funds are not wasted or dissipated.

9 (d) No financial assistance shall be extended under
10 this section with respect to any public facility which would
11 compete with an existing privately owned public utility
12 rendering a service to the public at rates or charges subject
13 to regulation by a State regulatory body, unless the State
14 regulatory body determines that in the area to be served
15 by the public facility for which the financial assistance is to
16 be extended there is a need for an increase in such service
17 (taking into consideration reasonably foreseeable future
18 needs) which the existing public utility is not able to meet
19 through its existing facilities or through an expansion which
20 it is prepared to undertake.

21 (e) There is hereby authorized to be appropriated
22 not to exceed \$75,000,000 for the purpose of making grants
23 under this section: *Provided*, That not exceed \$10,000,-
24 000 shall be appropriated for such purpose prior to July 1,
25 1962.

FUNDS FOR LOANS

1 SEC. 9. To obtain funds for loans under this Act, the
2 Administrator may, with the approval of the President, issue
3 and have outstanding at any one time notes and obligations
4 for purchase by the Secretary of the Treasury in an amount
5 not to exceed \$300,000,000: *Provided*, That the amount
6 of such notes and obligations which are outstanding prior to
7 July 1, 1962, shall not exceed \$90,000,000. Such notes
8 or other obligations shall be in such forms and denomina-
9 tions, have such maturities, and be subject to such terms and
10 conditions as may be prescribed by the Administrator with
11 the approval of the Secretary of the Treasury, and shall bear
12 interest at a rate determined by the Secretary of the Treas-
13 ury, but such rate shall not be greater than the current
14 average yields on outstanding marketable obligations of
15 the United States of comparable maturities as of the last
16 day of the month preceding the issuance of such notes or
17 other obligations. The Secretary of the Treasury is au-
18 thorized and directed to purchase any notes and other obli-
19 gations issued under this section and for such purpose is
20 authorized to use as a public debt transaction the proceeds
21 from the sale of any securities issued under the Second
22 Liberty Bond Act, as amended, and the purposes for which
23 securities may be issued under such Act are extended to
24 include any purchase of such notes and other obligations.

1 The Secretary of the Treasury may at any time sell any of
2 the notes or other obligations acquired by him under this
3 section. All redemptions, purchases, and sales by the
4 Secretary of the Treasury of such notes or other obligations
5 shall be treated in every respect as public debt transactions
6 of the United States.

7 INFORMATION

8 SEC. 10. The Administrator shall aid redevelopment
9 areas by furnishing to interested individuals, communities,
10 industries, and enterprises within such areas any assistance,
11 technical information, market research, or other forms of
12 assistance, information, or advice which are obtainable from
13 the various departments, agencies, and instrumentalities of
14 the Federal Government and which would be useful in allevi-
15 ating conditions of excessive unemployment or underemploy-
16 ment within such areas. The Administrator shall furnish the
17 procurement divisions of the various departments, agencies,
18 and other instrumentalities of the Federal Government with
19 a list containing the names and addresses of business firms
20 which are located in redevelopment areas and which are
21 desirous of obtaining Government contracts for the furnish-
22 ing of supplies or services, and designating the supplies and
23 services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act, the Administrator is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 12. In performing his duties under this Act, the Administrator is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Adminis-

1 trator shall determine, and pay the costs of qualification
2 of certain of them as notaries public;

3 (2) hold such hearings, sit and act at such times
4 and places, and take such testimony, as he may deem
5 advisable;

6 (3) request directly from any executive depart-
7 ment, bureau, agency, board, commission, office, inde-
8 pendent establishment, or instrumentality information,
9 suggestions, estimates, and statistics needed to carry out
10 the purposes of this Act; and each department, bureau,
11 agency, board, commission, office, establishment, or in-
12 strumentality is authorized to furnish such information,
13 suggestions, estimates, and statistics directly to the Ad-
14 ministrator;

15 (4) under regulations prescribed by him, assign
16 or sell at public or private sale, or otherwise dispose of
17 for cash or credit, in his discretion and upon such terms
18 and conditions and for such consideration as he shall
19 determine to be reasonable, any evidence of debt, con-
20 tract, claim, personal property, or security assigned to
21 or held by him in connection with the payment of loans
22 made under this Act, and collect or compromise all
23 obligations assigned to or held by him in connection
24 with the payment of such loans until such time as such

obligations may be referred to the Attorney General for suit or collection;

~~(5)~~ further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

~~(6)~~ deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

~~(7)~~ pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or

1 to any purchase or contract for services or supplies on
2 account of property obtained by the Administrator as a
3 result of loans made under this Act if the premium there-
4 for or the amount thereof does not exceed \$1,000. The
5 power to convey and to execute, in the name of the
6 Administrator, deeds of conveyance, deeds of release,
7 assignments and satisfactions of mortgages, and any
8 other written instrument relating to real or personal
9 property or any interest therein acquired by the Admin-
10 istrator pursuant to the provisions of this Act may be
11 exercised by the Administrator or by any officer or agent
12 appointed by him for that purpose without the execution
13 of any express delegation of power or power of attorney;
14 ~~(8)~~ acquire, in any lawful manner, any property
15 ~~(real, personal, or mixed, tangible or intangible)~~, when-
16 ever deemed necessary or appropriate to the conduct of
17 the activities authorized in sections 6 and 7 of this Act;
18 ~~(9)~~ in addition to any powers, functions, privileges,
19 and immunities otherwise vested in him, take any and
20 all actions, including the procurement of the services of
21 attorneys by contract, determined by him to be neces-
22 sary or desirable in making, servicing, compromising,
23 modifying, liquidating, or otherwise administratively
24 dealing with or realizing on loans made under this Act;
25 ~~(10)~~ to such an extent as he finds necessary to

1 carry out the provisions of this Act; procure the tem-
2 porary (not in excess of six months) service of experts
3 or consultants or organizations thereof, including steno-
4 graphic reporting services, by contract or appointment,
5 and in such cases such service shall be without regard to
6 the civil service and classification laws; and, except in
7 the case of stenographic reporting services by organiza-
8 tions, without regard to section 3709 of the Revised
9 Statutes (41 U.S.C. 5); any individual so employed
10 may be compensated at a rate not in excess of \$75 per
11 diem; and, while such individual is away from his home
12 or regular place of business, he may be allowed trans-
13 portation and not to exceed \$15 per diem in lieu of
14 subsistence and other expenses; and

15 (11) establish such rules, regulations, and proce-
16 dures as he may deem appropriate in carrying out the
17 provisions of this Act.

18 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

19 SEC. 13. Whenever the Administrator shall determine
20 that employment conditions within any area previously desig-
21 nated by him as a redevelopment area have changed to such
22 an extent that such area is no longer eligible for such desig-
23 nation under section 5 of this Act, no further assistance shall
24 be granted under this Act with respect to such area and,
25 for the purposes of this Act, such area shall not be considered

1 a redevelopment area: *Provided*, That nothing contained
 2 herein shall ~~(1)~~ prevent any such area from again being
 3 designated a redevelopment area under section 5 of this Act
 4 if the Administrator determines it to be eligible under such
 5 section, or ~~(2)~~ affect the validity of any contracts or under-
 6 takings with respect to such area which were entered into
 7 pursuant to this Act prior to a determination by the Admin-
 8 istrator that such area no longer qualifies as a redevelop-
 9 ment area. The Administrator shall keep the departments
 10 and agencies of the Federal Government, and interested
 11 State or local agencies, advised at all times of any changes
 12 made hereunder with respect to the designation of any area.

13 URBAN RENEWAL

14 SEC. 14. Title I of the Housing Act of 1949, as amended,
 15 is amended by adding at the end thereof the following new
 16 section:

17 "REDEVELOPMENT AREAS UNDER THE AREA

18 REDEVELOPMENT ACT

19 "SEC. 113. (a) When the Area Redevelopment Admin-
 20 istrator certifies to the Administrator ~~(1)~~ that any county,
 21 city, or other municipality (in this section referred to as a
 22 'municipality') is situated in an area designated under sec-
 23 tion 5 of the Area Redevelopment Act as a redevelopment
 24 area, and ~~(2)~~ that there is a reasonable probability that with
 25 assistance provided under such Act and other undertakings

1 the area will be able to achieve more than temporary im-
2 provement in its economic development, the Administrator
3 is authorized to provide financial assistance to a local public
4 agency in any such municipality under this title and the pro-
5 visions of this section.

6 “(b) The Administrator may provide such financial
7 assistance under this section without regard to the require-
8 ments or limitations of section 110(c) that the project area
9 be clearly predominantly residential in character or that it
10 be redeveloped for predominantly residential uses; but no
11 such assistance shall be provided in any area if such Admin-
12 istrator determines that it will assist in relocating business
13 operations from one area to another when such assistance
14 will result in substantial detriment to the area of original
15 location by increasing unemployment.

16 “(c) Financial assistance under this section may be
17 provided for any project involving a project area including
18 primarily industrial or commercial structures suitable for
19 rehabilitation under the urban renewal plan for the area.

20 “(d) Notwithstanding any other provision of this title,
21 a contract for financial assistance under this section may
22 include provisions permitting the disposition of any land in
23 the project area designated under the urban renewal plan
24 for industrial or commercial uses to any public agency or
25 nonprofit corporation for subsequent disposition as promptly

1 as practicable by such public agency or corporation for the
 2 redevelopment of the land in accordance with the urban re-
 3 newal plan: *Provided*, That any disposition of such land
 4 under this section shall be made at not less than its fair
 5 value for uses in accordance with the urban renewal plan:
 6 *And provided further*, That the purchasers from or lessees
 7 of such public agency or corporation, and their assignees,
 8 shall be required to assume the obligations imposed under
 9 section 105(b).

10 “(c) Following the execution of any contract for finan-
 11 cial assistance under this section with respect to any project,
 12 the Administrator may exercise the authority vested in him
 13 under this section for the completion of such projects, not-
 14 withstanding any determination made after the execution of
 15 such contract that the area in which the project is located
 16 may no longer be a redevelopment area under the Area
 17 Redevelopment Act.”

18 URBAN PLANNING GRANTS

19 SEC. 15. Paragraph (3) of section 701(a) of the Hous-
 20 ing Act of 1954 is amended by inserting after “counties
 21 which” the following: “(A) are situated in areas desig-
 22 nated by the Area Redevelopment Administrator under sec-
 23 tion 5(a) of the Area Redevelopment Act as redevelopment
 24 areas or (B)”.

VOCATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor, in consultation with the Administrator, shall determine the vocational training or retraining needs of unemployed individuals residing in, or who were last employed in, redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract

1 with public or private educational institutions: *Provided*,
 2 That any vocational training or retraining provided under
 3 this section shall be designed to enable unemployed in-
 4 dividuals to qualify for new employment in the redevelop-
 5 ment area in which they reside or were last employed.

6 (c) The Secretary of Labor shall arrange to provide
 7 any necessary technical assistance for setting up apprentice-
 8 ships, and to promote journeyman and other job training
 9 in the area.

10 RETRAINING SUBSISTENCE PAYMENTS

11 SEC. 17. (a) The Secretary of Labor in consultation
 12 with the Administrator shall, on behalf of the United States,
 13 enter into agreements with States in which redevelopment
 14 areas are located, under which the Secretary of Labor shall
 15 make payments to such States for the purpose of enabling
 16 such States, as agents of the United States, to make weekly
 17 retraining payments to unemployed individuals residing
 18 within such redevelopment areas who are not entitled to
 19 unemployment compensation (either because their unem-
 20 ployment compensation benefits have been exhausted or
 21 because they were not insured for such compensation) and
 22 who have been certified by the Secretary of Labor to be
 23 undergoing vocational training or retraining under section 16
 24 of this Act. Such payments shall be made only during the
 25 period the individual is receiving vocational training or re-

1 training under section 16 of this Act, but not in any event to
2 exceed sixteen weeks, and the amounts of such payments
3 shall be equal to the amount of the average weekly unem-
4 ployment compensation payment payable in the State mak-
5 ing such payments.

6 (b) The Secretary of Labor and the Administrator shall
7 jointly prescribe such rules and regulations as they may
8 deem necessary to carry out the provisions of this section.

9 (c) There are hereby authorized to be appropriated
10 such sums, not in excess of \$10,000,000 annually, as may
11 be necessary to carry out the provisions of this section.

12 PENALTIES

13 SEC. 18. (a) Whoever makes any statement knowing
14 it to be false, or whoever willfully overvalues any security,
15 for the purpose of obtaining for himself or for any applicant
16 any loan, or extension thereof by renewal, deferment of
17 action, or otherwise, or the acceptance, release, or substitu-
18 tion of security therefor, or for the purpose of influencing in
19 any way the action of the Administrator, or for the purpose
20 of obtaining money, property, or anything of value, under
21 this Act, shall be punished by a fine of not more than
22 \$10,000 or by imprisonment for not more than five years,
23 or both.

24 (b) Whoever, being connected in any capacity with

1 the Administrator, (1) embezzles, abstracts, purloins, or will
2 fully misapplies any moneys, funds, securities, or other things
3 of value, whether belonging to him or pledged or otherwise
4 entrusted to him, or (2) with intent to defraud the Admin-
5 istrator or any other body politic or corporate, or any indi-
6 vidual, or to receive any officer, auditor, or examiner of the
7 Administration, makes any false entry in any book, report, or
8 statement of or to the Administrator, or without being duly
9 authorized, draws any order or issues, puts forth, or assigns
10 any note, debenture, bond, or other obligation, or draft, bill
11 of exchange, mortgage, judgment, or decree thereof, or (3)
12 with intent to defraud participates, shares, receives directly
13 or indirectly any money, profit, property, or benefit through
14 any transaction, loan, commission, contract, or any other act
15 of the Administrator, or (4) gives any unauthorized infor-
16 mation concerning any future action or plan of the Adminis-
17 trator which might affect the value of securities, or having
18 such knowledge, invests or speculates, directly or indirectly,
19 in the securities or property of any company or corporation
20 receiving loans or other assistance from the Administrator,
21 shall be punished by a fine of not more than \$10,000 or by
22 imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No loan shall be made by the Administrator under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administrator the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administrator for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administrator to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration, occupying a position or engaging in activities which the Administrator shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

1
2 SEC. 20. The Administrator shall maintain as a perma-
3 nent part of the records of the Administration a list of appli-
4 cations approved, which shall be kept available for public
5 inspection during the regular business hours of the Adminis-
6 tration. The following information shall be posted in such
7 list as soon as each application is approved: (1) the name
8 of the applicant and, in the case of corporate applications,
9 the names of the officers and directors thereof; (2) the
10 amount and duration of the loan for which application is
11 made; (3) the purposes for which the proceeds of the loan
12 are to be used; and (4) a general description of the security
13 offered.

~~PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK~~

14
15 SEC. 21. The Administrator shall take such action as
16 may be necessary to insure that all laborers and mechanics
17 employed by contractors or subcontractors on projects under-
18 taken by public applicants assisted under this Act (1) shall
19 be paid wages at rates no less than those prevailing on the
20 same type of work on similar construction in the immediate
21 locality as determined by the Secretary of Labor in accord-
22 ance with the Act of August 30, 1935 (Davis-Bacon Act);
23 and (2) shall be employed not more than forty hours in any
24 one week unless the employee receives wages for his em-

1 ployment in excess of the hours specified above at a rate not
2 less than one and one-half times the regular rate at which
3 he is employed.

4 ANNUAL REPORT

5 SEC. 22. The Administrator shall make a comprehen-
6 sive and detailed annual report to the Congress of his oper-
7 ations under this Act for each fiscal year beginning with the
8 fiscal year ending June 30, 1962. Such report shall be
9 printed, and shall be transmitted to the Congress not later
10 than January 3 of the year following the fiscal year with
11 respect to which such report is made. Such report shall
12 show, among other things, (1) the number and size of Gov-
13 ernment contracts for the furnishing of supplies and services
14 placed with business firms located in redevelopment areas,
15 and (2) the amount and duration of employment resulting
16 from such contracts. Upon the request of the Adminis-
17 trator, the various departments and agencies of the Govern-
18 ment engaged in the procurement of supplies and services
19 shall furnish to the Administrator such information as may
20 be necessary for the purposes of this section.

21 APPROPRIATION

22 SEC. 23. There are hereby authorized to be appropri-
23 ated such sums as may be necessary to carry out the pro-
24 visions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Administrator shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance; the total cost of the project or undertaking in connection with which such assistance is given or used; and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources; and such other records as will facilitate an effective audit.

~~(b) The Administrator and the Comptroller General of~~

1 the United States; or any of their duly authorized repre-
2 sentatives; shall have access for the purpose of audit and
3 examination to any books, documents, papers, and records
4 of the recipient that are pertinent to assistance received
5 under section 6 or 7 of this Act.

6 APPLICATION OF ACT

7 SEC. 26. As used in this Act, the term "United States"
8 includes the several States, the District of Columbia, and the
9 Commonwealth of Puerto Rico.
10 That this Act may be cited as the "Area Redevelopment
11 Act".

12 DECLARATION OF PURPOSE

13 SEC. 2. The Congress declares that the maintenance of
14 the national economy at a high level is vital to the best in-
15 terests of the United States, but that some of our communi-
16 ties are suffering substantial and persistent unemployment
17 and underemployment; that such unemployment and under-
18 employment cause hardship to many individuals and their
19 families and detract from the national welfare by wasting
20 vital human resources; that to overcome this problem the
21 Federal Government, in cooperation with the States, should
22 help areas of substantial and persistent unemployment and
23 underemployment to take effective steps in planning and
24 financing their economic redevelopment; that Federal as-
25 sistance to communities, industries, enterprises, and indi-

1 viduals in areas needing redevelopment should enable such
2 areas to achieve lasting improvement and enhance the do-
3 mestic prosperity by the establishment of stable and diver-
4 sified local economies and improved local living conditions;
5 and that under the provisions of this Act new employment
6 opportunities should be created by developing and expanding
7 new and existing facilities and resources rather than merely
8 transferring jobs from one community to another.

9 AREA REDEVELOPMENT ADMINISTRATION

10 *SEC. 3.* In order to carry out the purposes of this Act,
11 there is hereby established in the Department of Commerce
12 an Area Redevelopment Administration. Such Administra-
13 tion shall be under the direction and control of an Administra-
14 tor (hereinafter referred to as the "Administrator") who
15 shall be appointed by the President, by and with the advice
16 and consent of the Senate, and shall be compensated at the
17 same rate as that prescribed by law for an assistant secretary
18 of an executive department.

19 ADVISORY POLICY BOARD

20 *SEC. 4. (a)* To advise the Administrator in the per-
21 formance of functions authorized by this Act, there is author-
22 ized to be created an Area Redevelopment Advisory Policy
23 Board (hereinafter referred to as the "Board"), which shall
24 consist of the following members, all *ex officio*: the Secretary
25 of Commerce as Chairman; the Secretaries of Agriculture;

1 *Health, Education, and Welfare; Interior; Labor; and*
2 *Treasury; and the Administrators of the Housing and Home*
3 *Finance Agency and the Small Business Administration.*

4 *The Chairman may from time to time invite the partici-*
5 *pation of officials of other agencies of the executive branch*
6 *interested in the functions herein authorized. Each member*
7 *of the Board may designate an officer of his agency to act*
8 *for him as a member of the Board with respect to any matter*
9 *there considered.*

10 *(b) The Secretary of Commerce shall appoint a National*
11 *Public Advisory Committee on Area Redevelopment which*
12 *shall consist of twenty-five members and shall be composed of*
13 *representatives of labor, management, agriculture, State and*
14 *local governments, and the public in general. From the*
15 *members appointed to such Committee the Secretary of Com-*
16 *merce shall designate a Chairman. Such Committee, or any*
17 *duly established subcommittee thereof, shall from time to time*
18 *make recommendations to the Secretary relative to the carry-*
19 *ing out of his duties under this Act. Such Committee shall*
20 *hold not less than two meetings during each calendar year.*

21 *(c) The Administrator is authorized from time to time*
22 *to call together and confer with any persons, including repre-*
23 *sentatives of labor, management, agriculture, and govern-*
24 *ment, who can assist in meeting the problems of unemployment*

1 or underemployment in the several areas designated by the
2 Administrator as redevelopment areas.

3 REDEVELOPMENT AREAS

4 SEC. 5. (a) The Administrator shall designate as "re-
5 development areas" those areas within the United States in
6 which he determines, upon the basis of standards generally
7 comparable with those set forth in subparagraphs (1) and (2)
8 below, that there has existed substantial and persistent un-
9 employment for an extended period of time. There shall be
10 included among the areas so designated any area—

11 (1) where the rate of unemployment, excluding un-
12 employment due primarily to temporary or seasonal
13 factors, is currently 6 per centum or more and has
14 averaged at least 6 per centum for the qualifying time
15 periods specified in subparagraph (2) below; and

16 (2) where the annual average rate of unemploy-
17 ment has been at least—

18 (A) 50 per centum above the national average
19 for three of the preceding four calendar years, or

20 (B) 75 per centum above the national average
21 for two of the preceding three calendar years, or

22 (C) 100 per centum above the national aver-
23 age for one of the preceding two years.

24 The Secretary of Labor shall find the facts and provide the
25 data to be used by the Administrator in making the determina-

1 tions required by this subsection. Any area in which a
2 substantial part of the employment is or most recently was
3 in an industry adversely affected by the reduction of trade
4 barriers under section 350 of the Tariff Act of 1930, as
5 amended, with respect to which the President has reported to
6 the Congress under section 4(a) or 7(c) of the Trade Agree-
7 ments Extension Act of 1951, as amended, and meeting the
8 standards of unemployment set forth in this section shall be
9 entitled on application to special consideration by the Admin-
10 istrator for designation as a redevelopment area.

11 (b) The Administrator shall also designate as "re-
12 development areas" those areas (including Indian reserva-
13 tions) within the United States which do not meet the
14 requirements set forth in subsection (a) but which he
15 determines are among the highest in numbers and percent-
16 ages of low-income families, and in which there exists a
17 condition of substantial and persistent unemployment or
18 underemployment. In making the designations under this
19 subsection and before making any loans as the result of desig-
20 nations under this subsection, the Administrator shall, by
21 regulation, prescribe detailed standards upon which the desig-
22 nations under this subsection shall be based. In the formula-
23 tion of such standards the Administrator shall consider,
24 among other relevant factors, the number of low-income farm
25 families in the various rural areas of the United States, the

1 proportion that such low-income families are to the total farm
2 families of each of such areas, the relationship of the income
3 levels of the families in each such area to the general levels of
4 income in the United States, the current and prospective
5 employment opportunities in each such area, the availability
6 of manpower in each such area for supplemental employment,
7 the extent of migration out of the area, and the proportion
8 of the population of each such area which has been receiving
9 public assistance from the Federal Government and/or from
10 the State or States in which such area is located or from any
11 municipality therein. In making the designations under this
12 subsection, the Administrator shall endeavor to distribute the
13 projects widely among the several States, so far as is feasible
14 and proper, in order that actual experience with this program
15 may be had in as many States and in as many areas and
16 under as many different circumstances as possible. In mak-
17 ing these determinations, the Administrator shall be guided,
18 but not conclusively governed, by pertinent studies made, and
19 information and data collected or compiled, by (1) depart-
20 ments, agencies, and instrumentalities of the Federal Govern-
21 ment, (2) State and local governments, (3) universities and
22 land-grant colleges, and (4) private organizations.

23 (c) Upon the request of the Administrator, the Secre-
24 tary of Labor, the Secretary of Agriculture, the Secretary
25 of Commerce, the Secretary of the Interior, and such other

1 heads of agencies as may be appropriate, are authorized
2 to conduct such special studies, obtain such information,
3 and compile and furnish to the Administrator such data as
4 the Administrator may deem necessary or proper to enable
5 him to make the determinations provided for in subsection
6 (b) of this section. The Administrator shall reimburse
7 when appropriate, out of any funds appropriated to carry
8 out the purposes of this Act, the foregoing officers for any
9 expenditures incurred by them under this section.

10 (d) As used in this Act, the term "redevelopment area"
11 refers to any area within the United States which has
12 been designated by the Administrator as a redevelopment
13 area and may include one or more States, one or more coun-
14 ties, or one or more municipalities, or a part of a county or
15 municipality.

16 LOANS AND PARTICIPATIONS

17 SEC. 6. (a) The Administrator is authorized to pur-
18 chase evidences of indebtedness and to make loans (including
19 participations therein) to aid in financing any project within
20 a redevelopment area for the purchase or development of
21 land and facilities (including machinery and equipment in
22 cases of demonstrated need) for industrial or commercial
23 usage, including the construction of new buildings, the re-
24 habilitation of abandoned or unoccupied buildings, and the
25 alteration, conversion, or enlargement of existing buildings.

1 *Such financial assistance shall not be extended (1) for work-*
2 *ing capital, or (2) to assist establishments relocating from*
3 *one area to another. The limitation set forth in clause (2)*
4 *above shall not be construed to prohibit assistance for the ex-*
5 *pansion of an existing business operation from its original*
6 *location or for the establishment of a new branch affiliate, or*
7 *subsidiary: Provided, That such assistance will not sub-*
8 *stantially decrease employment in the area of original location.*

9 *(b) Financial assistance under this section shall be on*
10 *such terms and conditions as the Administrator determines,*
11 *subject, however, to the following restrictions and limita-*
12 *tions:*

13 *(1) The total amount of loans and loan participations*
14 *(including purchased evidences of indebtedness) outstanding*
15 *at any one time under this section (A) with respect to*
16 *projects in redevelopment areas designated under section*
17 *5(a) shall not exceed \$100,000,000 and (B) with respect*
18 *to projects in redevelopment areas designated under section*
19 *5(b) shall not exceed \$100,000,000;*

20 *(2) Such assistance shall be extended only to applicants,*
21 *both private and public (including Indian tribes), which*
22 *have been approved for such assistance by an agency or*
23 *instrumentality of the State or political subdivision thereof*
24 *in which the project to be financed is located, and which*

1 agency or instrumentality is directly concerned with problems
2 of economic development in such State or subdivision;

3 (3) The project for which financial assistance is sought
4 is reasonably calculated to provide more than a temporary
5 alleviation of unemployment or underemployment within the
6 redevelopment area wherein it is, or will be, located;

7 (4) No such assistance shall be extended hereunder
8 unless the financial assistance applied for is not otherwise
9 available from private lenders or other Federal agencies on
10 reasonable terms;

11 (5) The Administrator shall not make any loan without
12 a participation unless he determines that the loan cannot be
13 made on a participation basis;

14 (6) No evidences of indebtedness shall be purchased
15 and no loans shall be made unless it is determined that there
16 is a reasonable assurance of repayment;

17 (7) Subject to section 12(5) of this Act, no loan,
18 including renewals or extension thereof, may be made
19 hereunder for a period exceeding twenty-five years and no
20 evidences of indebtedness maturing more than twenty-five
21 years from date of purchase may be purchased hereunder:
22 Provided, That the foregoing restrictions on maturities
23 shall not apply to securities or obligations received by the
24 Administrator as a claimant in bankruptcy or equitable re-

1 organization or as a creditor in other proceedings attendant
2 upon insolvency of the obligor;

3 (8) Such loans shall bear interest at a rate equal to the
4 rate of interest paid by the Administrator on funds obtained
5 from the Secretary of the Treasury as provided in section 9
6 of this Act, plus one-half of 1 per centum per annum to
7 cover administrative expenses and to provide for losses on
8 loans under this section;

9 (9) Such assistance shall not exceed 65 per centum of
10 the aggregate cost to the applicant (excluding all other Fed-
11 eral aid in connection with the undertaking) of acquiring or
12 developing land and facilities (including, in cases of demon-
13 strated need, machinery and equipment), and of constructing,
14 altering, converting, rehabilitating, or enlarging the building
15 or buildings of the particular project and shall, among others,
16 be on the following conditions:

17 (A) That other funds are available in an amount which,
18 together with the assistance provided hereunder, shall be
19 sufficient to pay such aggregate cost;

20 (B) That not less than 10 per centum of such aggregate
21 cost be supplied by the State or any agency, instrumentality,
22 or political subdivision thereof, or by a community or area
23 organization which is nongovernmental in character, as
24 equity capital or as a loan;

25 (C) That in extending financial assistance under this

1 section with respect to a redevelopment area, the Adminis-
2 trator shall require that not less than 5 per centum of the
3 aggregate cost of the project for which such loan is made
4 shall be supplied by nongovernmental sources; and

5 (D) That to the extent the Administrator finds such
6 action necessary to encourage financial participation in a
7 particular project by other lenders and investors any Fed-
8 eral financial assistance extended under this section may
9 be repayable only after other loans made in connection with
10 such project and in accordance with this section have been
11 repaid in full, and the security, if any, for such Federal
12 financial assistance may be subordinate and inferior to the
13 lien or liens securing other loans made in connection with
14 the same project;

15 (10) No such assistance shall be extended unless there
16 shall be submitted to and approved by the Administrator an
17 overall program for the economic development of the area
18 and a finding by the State, or any agency, instrumentality,
19 or local political subdivision thereof, that the project for which
20 financial assistance is sought is consistent with such program:
21 Provided, That nothing in this Act shall authorize financial
22 assistance for any project prohibited by laws of the State
23 or local political subdivision in which the project would be
24 located.

25 (c) Of the funds authorized to be raised under section

1 9 of this Act, not more than \$100,000,000 shall be deposited
 2 in a revolving fund which shall be used for the purpose of
 3 making loans under this section with respect to projects in
 4 redevelopment areas designated under section 5(a), and
 5 not more than \$100,000,000 shall be deposited in a revolving
 6 fund which shall be used for the purpose of making
 7 loans under this section with respect to projects in redevelopment
 8 areas designated under section 5(b).

9 PUBLIC FACILITY LOANS FOR INDUSTRIAL OR COMMERCIAL
 10 PURPOSES

11 SEC. 7. (a) Upon the application of any State, or
 12 political subdivision thereof, Indian tribe, or public or
 13 private nonprofit organization or association representing
 14 any redevelopment area or part thereof, the Administrator
 15 is authorized to make loans to assist in financing the purchase
 16 or development of land for public facility usage, and the
 17 construction, rehabilitation, alteration, expansion, or improvement
 18 of public facilities within any redevelopment area,
 19 if he finds that such facilities will serve primarily industrial
 20 or commercial needs and that—

21 (1) the project for which financial assistance is
 22 sought will provide more than a temporary alleviation
 23 of unemployment or underemployment in the redevelopment
 24 area wherein such project is, or will be, located,
 25 and will tend to improve the opportunities in such area

1 *for the successful establishment or expansion of indus-*
2 *trial or commercial plants or facilities;*

3 *(2) the funds requested for such project are not*
4 *otherwise available on reasonable terms;*

5 *(3) the amount of the loan plus the amount of*
6 *other available funds for such projects are adequate to*
7 *insure the completion thereof;*

8 *(4) there is a reasonable expectation of repayment;*
9 *and*

10 *(5) such area has an approved economic develop-*
11 *ment program as provided in section 6(b)(10) and*
12 *the project for which financial assistance is sought is*
13 *consistent with such program.*

14 *(b) No loan under this section shall be for an amount*
15 *in excess of 65 per centum of the aggregate cost of the proj-*
16 *ect for which such loan is made. Subject to section 12(5),*
17 *the maturity date of any such loan shall be not later than*
18 *forty years after the date such loan is made. Any such*
19 *loan shall bear interest at a rate equal to the rate of interest*
20 *paid by the Administrator on funds obtained from the Secre-*
21 *tary of the Treasury as provided in section 9 of this Act, plus*
22 *one-quarter of 1 per centum per annum.*

23 *(c) In making any loan under this section, the Ad-*
24 *ministrator shall require that not less than 10 per centum of*
25 *the aggregate cost of the project for which such loan is made*

1 shall be supplied by the State (including any political sub-
2 division thereof) within which such project is to be located
3 as equity capital, or as a loan. In determining the amount
4 of participation required under this subsection with respect
5 to any particular project, the Administrator shall give con-
6 sideration to the financial condition of the State or local
7 government, and to the per capita income of the residents
8 of the redevelopment area, within which such project is to
9 be located.

10 (d) To the extent the Administrator finds such action
11 necessary to encourage financial participation in a particular
12 project by other lenders and investors, any Federal financial
13 assistance extended under this section may be repayable only
14 after other loans made in connection with such project and in
15 accordance with this section have been repaid in full, and the
16 security, if any, for such Federal financial assistance may be
17 subordinate and inferior to the lien or liens securing other
18 loans made in connection with the same project.

19 (e) No financial assistance shall be extended under this
20 section with respect to any public facility which would com-
21 pete with an existing privately owned public utility render-
22 ing a service to the public at rates or charges subject to regu-
23 lation by a State regulatory body, unless the State regulatory
24 body determines that in the area to be served by the public
25 facility for which the financial assistance is to be extended

1 *there is a need for an increase in such service (taking into*
2 *consideration reasonably foreseeable future needs) which the*
3 *existing public utility is not able to meet through its existing*
4 *facilities or through an expansion which it agrees to under-*
5 *take.*

6 *(f) Of the funds authorized to be raised under section*
7 *9 of this Act, not more than \$100,000,000 shall be deposited*
8 *in a revolving fund which shall be used for the purpose of*
9 *making loans under this section.*

10 *PUBLIC FACILITY GRANTS FOR INDUSTRIAL OR COMMER-*
11 *CIAL PURPOSES*

12 *SEC. 8. (a) The Administrator may conduct studies of*
13 *needs in the various redevelopment areas throughout the*
14 *United States for, and the probable cost of, land acquisition*
15 *or development for public facility usage in serving industrial*
16 *or commercial needs, and the construction, rehabilitation,*
17 *alteration, expansion, or improvement of useful public*
18 *facilities to serve such needs within such areas, and*
19 *may receive proposals from any State, or political sub-*
20 *division thereof, Indian tribe, or public or private*
21 *nonprofit organization or association representing any re-*
22 *development area, or part thereof, relating to land acquisition*
23 *or development for such public facility usage, and the con-*
24 *struction, rehabilitation, alteration, expansion, or improve-*
25 *ment of such public facilities within any such area. Any*

1 such proposal shall contain plans showing the project pro-
2 posed to be undertaken, the cost thereof, and the contributions
3 proposed to be made to such cost by the entity making the
4 proposal. The Administrator, in consultation with such
5 entity, is authorized to modify all or any part of such
6 proposal.

7 (b) The Administrator, pursuant to a proposal received
8 by him under this section, may make grants to any State, or
9 political subdivision thereof, Indian tribe, or public or private
10 nonprofit organization or association representing any re-
11 development area, or part thereof, for land acquisition or de-
12 velopment for public facility usage, and the construction, re-
13 habilitation, alteration, expansion, or improvement of public
14 facilities within a redevelopment area, if he finds that such
15 facilities will serve primarily industrial or commercial needs
16 and that—

17 (1) the project for which financial assistance is
18 sought will provide more than a temporary alleviation
19 of unemployment or underemployment in the redevel-
20 opment area wherein such project is, or will be, located,
21 and will tend to improve the opportunities in such area
22 for the successful establishment or expansion of industrial
23 or commercial plants or facilities;

24 (2) the entity requesting the grant proposes to

1 *contribute to the cost of the project for which such grant*
2 *is requested in proportion to its ability so to contribute;*

3 *(3) the project for which a grant is requested will*
4 *fulfill a pressing need of the area, or part thereof, in*
5 *which it is, or will be, located, and there is little proba-*
6 *bility that such project can be undertaken without the*
7 *assistance of a grant under this section; and*

8 *(4) the area for which a project is to be undertaken*
9 *has an approved economic development program as pro-*
10 *vided in section 6(b)(10) and such project is consistent*
11 *with such program.*

12 *The amount of any grant under this section for any such*
13 *project shall not exceed the difference between the funds*
14 *which can be practicably obtained from other sources (in-*
15 *cluding a loan under section 7 of this Act) for such project,*
16 *and the amount which is necessary to insure the completion*
17 *thereof.*

18 *(c) The Administrator shall by regulation provide for*
19 *the supervision of projects with respect to which grants are*
20 *made under this section so as to insure that Federal funds*
21 *are not wasted or dissipated.*

22 *(d) No financial assistance shall be extended under*
23 *this section with respect to any public facility which would*
24 *compete with an existing privately owned public utility*

1 rendering a service to the public at rates or charges subject
2 to regulation by a State regulatory body, unless the State
3 regulatory body determines that in the area to be served
4 by the public facility for which the financial assistance is to
5 be extended there is a need for an increase in such service
6 (taking into consideration reasonably foreseeable future
7 needs) which the existing public utility is not able to meet
8 through its existing facilities or through an expansion which
9 it agrees to undertake.

10 (e) There is hereby authorized to be appropriated
11 not to exceed \$75,000,000 for the purpose of making grants
12 under this section.

13 FUNDS FOR LOANS

14 SEC. 9. (a) To obtain funds for loans under this Act, the
15 Administrator may, with the approval of the President, issue
16 and have outstanding at any one time notes and obligations
17 for purchase by the Secretary of the Treasury in an amount
18 not to exceed \$300,000,000. Such notes or other obligations
19 shall be in such forms and denominations, have such matur-
20 ities, and be subject to such terms and conditions as may be
21 prescribed by the Administrator with the approval of the
22 Secretary of the Treasury, and shall bear interest at a rate
23 determined by the Secretary of the Treasury, but such rate
24 shall not be greater than the current average yields on out-
25 standing marketable obligations of the United States of com-

1 *parable maturities as of the last day of the month preceding*
2 *the issuance of such notes or other obligations. The Secretary*
3 *of the Treasury is authorized and directed to purchase any*
4 *notes and other obligations issued under this section and for*
5 *such purpose is authorized to use as a public debt transaction*
6 *the proceeds from the sale of any securities issued under the*
7 *Second Liberty Bond Act, as amended, and the purposes for*
8 *which securities may be issued under such Act are extended to*
9 *include any purchase of such notes and other obligations.*
10 *The Secretary of the Treasury may at any time sell any of*
11 *the notes or other obligations acquired by him under this*
12 *section. All redemptions, purchases, and sales by the Sec-*
13 *retary of the Treasury of such notes or other obligations shall*
14 *be treated in every respect as public debt transactions of the*
15 *United States.*

16 *(b) In the performance of and with respect to the func-*
17 *tions, powers, and duties vested in him by sections 6 and 7 of*
18 *this Act, the Administrator shall—*

19 *(1) prepare annually and submit a budget program*
20 *in accordance with the provisions of sections 102, 103,*
21 *and 104 of the Government Corporation Control Act, as*
22 *amended; and*

23 *(2) determine the character of and the necessity for*
24 *obligations and expenditures and the manner in which*
25 *they shall be incurred, allowed, and paid, subject to pro-*

visions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. Subject to section 24, the Administrator shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. Subject to section 24, in carrying out his duties under this Act the Administrator is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or under-

1 employment (1) to areas which he has designated as rede-
 2 velopment areas under this Act, and (2) to other areas
 3 which he finds have substantial need for such assistance.
 4 Such assistance shall include studies evaluating the needs
 5 of, and developing potentialities for, economic growth of
 6 such areas. Such assistance may be provided by the Ad-
 7 ministrator through members of his staff or through the em-
 8 ployment of private individuals, partnerships, firms, corpo-
 9 rations, or suitable institutions, under contracts entered into
 10 for such purposes. Appropriations are hereby authorized
 11 for the purposes of this section in an amount not to exceed
 12 \$4,500,000 annually.

13 POWERS OF ADMINISTRATOR

14 SEC. 12. In performing his duties under this Act, the
 15 Administrator is authorized to—

16 (1) adopt, alter, and use a seal, which shall be
 17 judicially noticed; and subject to the civil service and
 18 classification laws, select, employ, appoint, and fix the
 19 compensation of such officers, employees, attorneys, and
 20 agents as shall be necessary to carry out the provisions
 21 of this Act, and define their authority and duties, pro-
 22 vide bonds for them in such amounts as the Adminis-
 23 trator shall determine, and pay the costs of qualification
 24 of certain of them as notaries public;

25 (2) hold such hearings, sit and act at such times

1 *and places, and take such testimony, as he may deem*
2 *advisable;*

3 *(3) request directly from any executive depart-*
4 *ment, bureau, agency, board, commission, office, inde-*
5 *pendent establishment, or instrumentality information,*
6 *suggestions, estimates, and statistics needed to carry out*
7 *the purposes of this Act; and each department, bureau,*
8 *agency, board, commission, office, establishment, or in-*
9 *strumentality is authorized to furnish such information,*
10 *suggestions, estimates, and statistics directly to the Ad-*
11 *ministrator;*

12 *(4) under regulations prescribed by him, assign*
13 *or sell at public or private sale, or otherwise dispose of*
14 *for cash or credit, in his discretion and upon such terms*
15 *and conditions and for such consideration as he shall*
16 *determine to be reasonable, any evidence of debt, con-*
17 *tract, claim, personal property, or security assigned to*
18 *or held by him in connection with the payment of loans*
19 *made under this Act, and collect or compromise all*
20 *obligations assigned to or held by him in connection*
21 *with the payment of such loans until such time as such*
22 *obligations may be referred to the Attorney General*
23 *for suit or collection;*

24 *(5) further extend the maturity of or renew any*
25 *loan made under this Act, beyond the periods stated in*

1 *such loan or in this Act, for additional periods not to*
2 *exceed ten years, if such extension or renewal will aid*
3 *in the orderly liquidation of such loan;*

4 (6) *deal with, complete, renovate, improve, mod-*
5 *ernize, insure, rent, or sell for cash or credit, upon such*
6 *terms and conditions and for such consideration as he*
7 *shall determine to be reasonable, any real or personal*
8 *property conveyed to, or otherwise acquired by, him*
9 *in connection with the payment of loans made under*
10 *this Act;*

11 (7) *pursue to final collection, by way of compro-*
12 *mise or other administrative action, prior to reference*
13 *to the Attorney General, all claims against third parties*
14 *assigned to him in connection with loans made under*
15 *this Act. This shall include authority to obtain de-*
16 *ficiency judgments or otherwise in the case of mort-*
17 *gages assigned to the Administrator. Section 3709*
18 *of the Revised Statutes, as amended (41 U.S.C. 5),*
19 *shall not apply to any contract of hazard insurance or*
20 *to any purchase or contract for services or supplies on*
21 *account of property obtained by the Administrator as a*
22 *result of loans made under this Act if the premium there-*
23 *for or the amount thereof does not exceed \$1,000.*
24 *The power to convey and to execute, in the name of the*
25 *Administrator, deeds of conveyance, deeds of release,*

1 *assignments and satisfactions of mortgages, and any*
2 *other written instrument relating to real or personal*
3 *property or any interest therein acquired by the Admin-*
4 *istrator pursuant to the provisions of this Act may be*
5 *exercised by the Administrator or by any officer or agent*
6 *appointed by him for that purpose without the execution*
7 *of any express delegation of power or power of attorney;*

8 *(8) acquire, in any lawful manner, any property*
9 *(real, personal, or mixed, tangible or intangible), when-*
10 *ever deemed necessary or appropriate to the conduct of*
11 *the activities authorized in sections 6 and 7 of this Act;*

12 *(9) in addition to any powers, functions, privileges,*
13 *and immunities otherwise vested in him, take any and*
14 *all actions, including the procurement of the services of*
15 *attorneys by contract, determined by him to be neces-*
16 *sary or desirable in making, servicing, compromising,*
17 *modifying, liquidating, or otherwise administratively*
18 *dealing with or realizing on loans made under this Act;*

19 *(10) to such an extent as he finds necessary to*
20 *carry out the provisions of this Act, procure the tem-*
21 *porary (not in excess of six months) service of experts*
22 *or consultants or organizations thereof, including steno-*
23 *graphic reporting services, by contract or appointment,*
24 *and in such cases such service shall be without regard to*
25 *the civil service and classification laws, and, except in*

1 the case of stenographic reporting services by organiza-
2 tions, without regard to section 3709 of the Revised
3 Statutes (41 U.S.C. 5); any individual so employed
4 may be compensated at a rate not in excess of \$75 per
5 diem, and, while such individual is away from his home
6 or regular place of business, he may be allowed trans-
7 portation and not to exceed \$15 per diem in lieu of
8 subsistence and other expenses;

9 (11) sue and be sued in any court of record of a
10 State having general jurisdiction or in any United States
11 district court, and jurisdiction is conferred upon such dis-
12 trict court to determine such controversies without regard
13 to the amount in controversy; but no attachment, injunc-
14 tion, garnishment, or other similar process, mesne or final,
15 shall be issued against the Administrator or his property.
16 Nothing herein shall be construed to except the activities
17 under this Act from the application of sections 507 (b)
18 and 2679 of title 28, United States Code, and of sec-
19 tion 367 of the Revised Statutes (5 U.S.C. 316); and

20 (12) establish such rules, regulations, and pro-
21 cedures as he may deem appropriate in carrying out the
22 provisions of this Act.

23 *TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE*

24 *SEC. 13. Whenever the Administrator shall determine*
25 *that employment conditions within any area previously desig-*

1 nated by him as a redevelopment area have changed to such
 2 an extent that such area is no longer eligible for such desig-
 3 nation under section 5 of this Act, no further assistance shall
 4 be granted under this Act with respect to such area and,
 5 for the purposes of this Act, such area shall not be considered
 6 a redevelopment area: Provided, That nothing contained
 7 herein shall (1) prevent any such area from again being
 8 designated a redevelopment area under section 5 of this Act
 9 if the Administrator determines it to be eligible under such
 10 section, or (2) affect the validity of any contracts or under-
 11 takings with respect to such area which were entered into
 12 pursuant to this Act prior to a determination by the Admin-
 13 istrator that such area no longer qualifies as a redevel-
 14 opment area. The Administrator shall keep the departments
 15 and agencies of the Federal Government, and interested
 16 State or local agencies, advised at all times of any changes
 17 made hereunder with respect to the designation of any area.

18 URBAN RENEWAL

19 SEC. 14. Title I of the Housing Act of 1949, as
 20 amended, is amended by adding at the end thereof the
 21 following new section:

22 "REDEVELOPMENT AREAS UNDER THE AREA

23 REDEVELOPMENT ACT

24 "SEC. 113. (a) Whenever the Area Redevelopment
 25 Administrator certifies to the Administrator (1) that any
 26 county, city, or other municipality (in this section referred

1 to as a 'municipality') is situated in an area designated
2 under section 5 of the Area Redevelopment Act as a re-
3 development area, and (2) that there is a reasonable proba-
4 bility that with assistance provided under such Act and other
5 undertakings the area will be able to achieve more than
6 temporary improvement in its economy, the Administrator is
7 authorized to provide financial assistance to a local public
8 agency in any such municipality under this title and the pro-
9 visions of this section.

10 “(b) Subject to the provisions of subsection (e) of this
11 section, the Administrator may provide such financial
12 assistance under this section without regard to the requirement
13 or limitations of section 110(c) that the project area be
14 predominantly residential in character or be redeveloped for
15 predominantly residential uses under the urban renewal plan,
16 and without regard to any of the limitations of that section
17 on the undertaking of projects for predominantly nonresi-
18 dential uses.

19 “(c) Notwithstanding any other provision of this title,
20 a contract for financial assistance under this section may
21 include provisions permitting the disposition of any land in
22 the project area designated under the urban renewal plan
23 for industrial or commercial uses to any public agency or
24 nonprofit corporation for subsequent disposition as promptly
25 as practicable by such public agency or corporation for the

1 redevelopment of the land in accordance with the urban re-
2 newal plan: Provided, That any disposition of such land to
3 such public agency or corporation under this section shall be
4 made at its fair value for uses in accordance with the urban
5 renewal plan: And provided further, That only the purchasers
6 from or lessees of such public agency or corporation, and their
7 assignees, shall be required to assume the obligations relating
8 to the commencement of improvements imposed under section
9 105(b) hereof.

10 “(d) Following the execution of any contract for finan-
11 cial assistance under this section with respect to any project,
12 the Administrator may exercise the authority vested in him
13 under this section as well as other provisions of this title for
14 the completion of such projects, notwithstanding any determi-
15 nation made after the execution of such contract that the area
16 in which the project is located is no longer a redevelopment
17 area under the Area Redevelopment Act.

18 “(e) The aggregate amount of capital grants which may
19 be contracted for under this title with respect to projects for
20 the redevelopment of urban renewal areas for predominantly
21 nonresidential uses, under the second proviso of the fifth
22 sentence of section 110(c), may be increased by an amount
23 not to exceed 10 per centum of the aggregate amount of new
24 grant contract authority provided after September 23, 1959,
25 whenever the Administrator determines (1) that an increase

1 in such amount is necessary in order to provide financial
 2 assistance under this section, and (2) that such assistance
 3 is not otherwise available because of the limitation contained
 4 in such proviso.”

5 URBAN PLANNING GRANTS

6 SEC. 15. (a) Paragraph (3) of section 701(a) of the
 7 Housing Act of 1954 is amended by inserting after “counties
 8 which” the following: “(A) are situated in areas designated
 9 by the Area Redevelopment Administrator under section
 10 5(a) of the Area Redevelopment Act as redevelopment areas
 11 or (B)”.

12 (b) Section 701(b) of such Act is amended by adding
 13 before the period at the end of the first sentence a colon and
 14 the following: “Provided, That a grant may be made under
 15 clause (A) of paragraph (3) of subsection (a) of this sec-
 16 tion for not more than 75 per centum of such estimated cost”.

17 OCCUPATIONAL TRAINING

18 SEC. 16. (a) The Secretary of Labor is authorized,
 19 upon request and whenever he determines such studies are
 20 needed, to undertake, or to provide assistance to others for
 21 studies of the size, characteristics, skills, adaptability, occu-
 22 pational potentialities, and related aspects of the labor force
 23 of any redevelopment area.

24 (b) When a redevelopment area has an approved eco-
 25 nomic development program as provided in section 6(b)

1 (10), the Secretary of Labor, in consultation with the Ad-
2 ministrator, shall determine the occupational training or re-
3 training needs of unemployed and underemployed individuals
4 residing in the redevelopment area. The Secretary of Labor
5 shall notify the Secretary of Health, Education, and Wel-
6 fare of the occupational training or retraining requirements
7 of the area, and shall provide for the orderly selection and re-
8 ferral of those unemployed or underemployed individuals
9 residing in the area who can reasonably be expected to obtain
10 employment as a result of the skill they will acquire in the
11 training which is to be made available, and shall make appro-
12 priate provision for such supervision by the appropriate
13 agency as is necessary to the successful operation of any train-
14 ing program established under this section. The Secretary
15 of Labor shall cooperate with the Secretary of Health, Educa-
16 tion, and Welfare and with existing State and local agencies
17 and officials in charge of existing programs relating to voca-
18 tional training and retraining for the purpose of assuring
19 that the facilities and services of such agencies are made fully
20 available to such individuals.

21 (c) Whenever the Secretary of Labor finds that addi-
22 tional facilities or services are needed in the area to meet the
23 occupational training or retraining needs of such individuals,
24 he shall so advise the Secretary of Health, Education, and
25 Welfare. The Secretary of Health, Education, and Welfare

1 shall provide assistance, including financial assistance when
2 necessary, to the appropriate State vocational educational
3 agency in the provision of such additional facilities or serv-
4 ices. If the Secretary of Health, Education, and Welfare
5 finds that the State vocational educational agency is unable to
6 provide the facilities and services needed, he may, after
7 consultation with such agency, provide for the same by agree-
8 ment or contract with public or private educational insti-
9 tutions.

10 (d) The Secretary of Labor shall arrange to provide
11 any necessary technical assistance for setting up apprentice-
12 ships, and to promote journeyman and other on-the-job
13 training.

14 (e) There are hereby authorized to be appropriated such
15 sums, not in excess of \$4,500,000 annually, as may be neces-
16 sary to carry out the provisions of this section.

17 RETRAINING SUBSISTENCE PAYMENTS

18 SEC. 17. (a) The Secretary of Labor in consultation
19 with the Administrator may, on behalf of the United States,
20 enter into agreements with States in which redevelopment
21 areas are located, under which the Secretary of Labor shall
22 make payments to such States either in advance or by way of
23 reimbursement for the purpose of enabling such States, as
24 agents of the United States, to make weekly retraining pay-
25 ments to unemployed or underemployed individuals residing

1 *within such redevelopment areas who are certified by the*
2 *Secretary of Labor to be undergoing occupational training*
3 *or retraining under section 16 of this Act. Such payments*
4 *shall be made only for the period the individual is receiving*
5 *occupational training or retraining under section 16 of this*
6 *Act, but not in any event to exceed sixteen weeks, and the*
7 *amounts of such payments shall be equal to the amount of*
8 *the average weekly unemployment compensation payment*
9 *payable in the State making such payments.*

10 *(b) No weekly retraining payment shall be made to any*
11 *person otherwise eligible who, with respect to the week for*
12 *which such payment would be made, has received or is seek-*
13 *ing unemployment compensation under title XV of the Social*
14 *Security Act or any other Federal or any State unemploy-*
15 *ment compensation law, but if the appropriate State or Fed-*
16 *eral agency finally determines that a person denied weekly*
17 *training benefits because of this paragraph is not entitled to*
18 *unemployment compensation under title XV of the Social*
19 *Security Act or such Federal or State law, this paragraph*
20 *shall not apply.*

21 *(c) Any agreement under this section may contain pro-*
22 *visions (including, so far as may be appropriate, provisions*
23 *authorized or made applicable with respect to agreements con-*
24 *cluded by the Secretary of Labor pursuant to title XV of the*
25 *Social Security Act) as will promote effective administration,*

1 *protect the United States against loss, and insure the proper*
2 *application of payments made to the State under such agree-*
3 *ment. Except as may be provided in such agreements, or in*
4 *the rules and regulations prescribed pursuant to subsection*
5 *(d) of this section, determinations by any duly designated*
6 *officer or agency as to the eligibility of individuals for weekly*
7 *retraining payments under this section shall be final and con-*
8 *clusive for any purposes and not subject to review by any*
9 *court or any other officer.*

10 *(d) The Secretary of Labor and the Administrator*
11 *shall jointly prescribe such rules and regulations as they may*
12 *deem necessary to carry out the provisions of this section.*

13 *(e) There are hereby authorized to be appropriated*
14 *such sums, not in excess of \$10,000,000 annually, as may*
15 *be necessary to carry out the provisions of this section.*

16 *PENALTIES*

17 *SEC. 18. (a) Whoever makes any statement knowing*
18 *it to be false, or whoever willfully overvalues any security,*
19 *for the purpose of obtaining for himself or for any applicant*
20 *any loan, or extension thereof by renewal, deferment of*
21 *action, or otherwise, or the acceptance, release, or substitu-*
22 *tion of security therefor, or for the purpose of influencing in*
23 *any way the action of the Administrator, or for the purpose*
24 *of obtaining money, property, or anything of value, under*
25 *this Act, shall be punished by a fine of not more than*

1 \$10,000 or by imprisonment for not more than five years,
2 or both.

3 (b) Whoever, being connected in any capacity with
4 the Administrator in the administration of this Act, (1) em-
5 bezzles, abstracts, purloins, or willfully misapplies any
6 moneys, funds, securities, or other things of value, whether
7 belonging to him or pledged or otherwise entrusted to him,
8 or (2) with intent to defraud the Administrator or any
9 other body politic or corporate, or any individual, or to de-
10 ceive any officer, auditor, or examiner, makes any false entry
11 in any book, report, or statement of or to the Administrator, or
12 without being duly authorized, draws any order or issues, puts
13 forth, or assigns any note, debenture, bond, or other obliga-
14 tion, or draft, bill of exchange, mortgage, judgment, or decree
15 thereof, or (3) with intent to defraud participates, shares, re-
16 ceives directly or indirectly any money, profit, property, or
17 benefit through any transaction, loan, commission, contract, or
18 any other act of the Administrator, or (4) gives any un-
19 authorized information concerning any future action or plan
20 of the Administrator which might affect the value of securi-
21 ties, or having such knowledge, invests or speculates, directly
22 or indirectly, in the securities or property of any company or
23 corporation receiving loans or other assistance from the
24 Administrator, shall be punished by a fine of not more than

1 \$10,000 or by imprisonment for not more than five years,
2 or both.

3 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
4 EMPLOYEES

5 SEC. 19. No loan shall be made by the Administrator
6 under this Act to any business enterprise unless the owners,
7 partners, or officers of such business enterprise (1) certify
8 to the Administrator the names of any attorneys, agents,
9 or other persons engaged by or on behalf of such business
10 enterprise for the purpose of expediting applications made
11 to the Administrator for assistance of any sort, and the fees
12 paid or to be paid to any such person; and (2) execute an
13 agreement binding any such business enterprise, for a
14 period of two years after any assistance is rendered by the
15 Administrator to such business enterprise, to refrain from
16 employing, tendering any office or employment to, or retain-
17 ing for professional services, any person who, on the date
18 such assistance or any part thereof was rendered, or within
19 one year prior thereto, shall have served as an officer, attor-
20 ney, agent, or employee, occupying a position or engaging in
21 activities which the Administrator shall have determined in-
22 volve discretion with respect to the granting of assistance
23 under this Act.

1 RECORD OF APPLICATIONS

SEC. 20. The Administrator shall maintain as a permanent part of the records of the Administration a list of approved applications for loans which shall be kept available for public inspection during the regular business hours of the Administration. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

14 *PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK*

15 *SEC. 21. All laborers and mechanics employed by con-*
16 *tractors or subcontractors on projects assisted by the Admin-*
17 *istrator under this Act and undertaken by public applicants*
18 *shall be paid wages at rates not less than those prevailing on*
19 *similar construction in the locality as determined by the*
20 *Secretary of Labor in accordance with the Davis-Bacon Act,*
21 *as amended (40 U.S.C. 276a—276a-5), and every such*
22 *employee shall receive compensation at a rate not less than*
23 *one and one-half times his basic rate of pay for all hours*
24 *worked in any workweek in excess of eight hours in any work-*
25 *day or forty hours in the workweek, as the case may be. The*

1 Administrator shall not approve any project involving the
2 contribution of Federal funds without first obtaining ade-
3 quate assurance that these labor standards will be maintained
4 upon the construction work. The Secretary of Labor shall
5 have, with respect to the labor standards specified in this
6 provision, the authority and functions set forth in Reorgani-
7 zation Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat.
8 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June
9 13, 1934, as amended (40 U.S.C. 276c).

10 REPORTS

11 SEC. 22. The Administrator shall make comprehensive
12 and detailed semiannual reports to the Congress of his opera-
13 tions under this Act for each six-month period of each fiscal
14 year beginning with the fiscal year ending June 30, 1962.
15 Such reports shall be printed and shall be transmitted to the
16 Congress not later than January 3 and June 30 of each year
17 following the fiscal year with respect to which such reports
18 are made. Such reports shall show, among other things, (1)
19 the total number of unemployed persons in redevelopment
20 areas, (2) the total principal amount of loans under this
21 Act which are outstanding, the aggregate expenditures in-
22 curred by the Government in providing grants and other
23 forms of assistance under this Act, and the administrative
24 expenses incurred by the Government in providing assistance
25 under this Act, (3) the number of applications for assistance

1 under this Act which are pending and the total amount of
2 assistance requested in such applications, (4) the number of
3 industrial or commercial enterprises which have commenced
4 or expanded operations in redevelopment areas as a result
5 of assistance under this Act, the total asset value of such
6 enterprises, and a description of each such enterprise in terms
7 of whether it is a wholly new business enterprise, an enter-
8 prise which has moved from another area, or a branch of an
9 existing business enterprise located elsewhere, (5) the total
10 number of jobs created in each economically distressed area
11 as a result of assistance extended under this Act, (6) the sum
12 obtained by dividing the total amount of Federal assistance
13 extended under this Act (including the administrative ex-
14 penses incurred by the Government in extending such assist-
15 ance) by the number of jobs created as a result of such
16 assistance, (7) the number and size of Government contracts
17 for the furnishing of supplies and services placed with busi-
18 ness enterprises located in redevelopment areas, and (8) the
19 amount and duration of employment resulting from such
20 contracts. Upon the request of the Administrator, the various
21 departments and agencies of the Government engaged in the
22 procurement of supplies and services shall furnish to the
23 Administrator such information as may be necessary for the
24 purposes of clauses (7) and (8) above.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) The Administrator may, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis. The Administrator shall exercise the authority contained in the preceding sentence whenever such exercise will avoid the duplication of existing staffs and facilities.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

1 (d) Subject to the standards and procedures prescribed
2 by section 505 of the Classification Act of 1949, as amended,
3 the head of any agency, for the performance of functions
4 under this Act, including functions delegated pursuant to
5 section 25, may place positions in grades 16, 17, and 18 of
6 the General Schedule established by such Act, and such posi-
7 tions shall be in addition to the number of such positions au-
8 thorized by section 505 of the Classification Act of 1949, as
9 amended, to be placed in such grades: Provided, That not to
10 exceed one such position may be placed in such grades under
11 this subsection, to be assigned to the agencies by the Adminis-
12 trator, with the approval of the Director of the Bureau of
13 the Budget.

DELEGATION OF FUNCTIONS

15 *SEC. 25. The Administrator, with the approval of the*
16 *President, is authorized to delegate to the heads of other de-*
17 *partments or agencies of the Government such functions,*
18 *powers, and duties which are conferred upon him by this*
19 *Act as he deems appropriate, and to authorize the redelegation*
20 *of such functions, powers, and duties by the heads of such*
21 *departments or agencies.*

RECORDS AND AUDIT

23 *SEC. 26. (a) Each recipient of assistance under sec-*
24 *tion 6 or 7 of this Act shall keep such records as the Admin-*

1 *istrator shall prescribe, including records which fully disclose*
2 *the amount and the disposition by such recipient of the pro-*
3 *ceeds of such assistance, the total cost of the project or under-*
4 *taking in connection with which such assistance is given or*
5 *used, and the amount and nature of that portion of the cost of*
6 *the project or undertaking supplied by other sources, and*
7 *such other records as will facilitate an effective audit.*

8 *(b) The Administrator and the Comptroller General of*
9 *the United States, or any of their duly authorized repre-*
10 *sentatives, shall have access for the purpose of audit and*
11 *examination to any books, documents, papers, and records*
12 *of the recipient that are pertinent to assistance received under*
13 *section 6 or 7 of this Act.*

14 *REVIEW OF ADMINISTRATION OF ACT*

15 *SEC. 27. The Committee on Banking and Currency of*
16 *the Senate, or any duly authorized subcommittee thereof, shall,*
17 *after the expiration of two years after the date of enactment*
18 *of this Act, make a full and complete study and investigation*
19 *of the administration of this Act. The committee shall report*
20 *to the Senate, at the earliest practicable date following the con-*
21 *clusion of its study and investigation, the results of its study*
22 *and investigation, together with such recommendations as it*
23 *deems advisable.*

DEFINITIONS

1
2 SEC. 28. As used in this Act, the term "State" means
3 any of the several States, the District of Columbia, or the
4 Commonwealth of Puerto Rico; and the term "United States"
5 refers to the several States, the District of Columbia, and the
6 Commonwealth of Puerto Rico.

87TH CONGRESS
1ST SESSION

S. 1

[Report No. 61]

Calendar No. 63

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

By Mr. DOUGLAS, Mr. CLARK, Mr. COOPER, Mr. BYRD of West Virginia, Mr. RANDOLPH, Mr. SPARKMAN, Mr. WILLIAMS of New Jersey, Mr. MITSKIE, Mr. BEALL, Mr. JAVITS, Mr. HUMPHREY, Mr. MORSE, Mr. PASTORE, Mr. KEFAUVER, Mr. MONRONEY, Mr. ANDERSON, Mr. SYMINGTON, Mr. CHAVEZ, Mr. MAGNUSON, Mr. MCCARTHY, Mr. McNAMARA, Mr. JACKSON, Mr. HART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. BIBLE, Mr. CHURCH, Mr. HARTKE, Mr. GREENING, Mr. MOSS, Mr. BARILETT, Mr. MCGEE, Mr. YOUNG of Ohio, Mr. LONG of Hawaii, Mr. YARBOROUGH, Mr. ENGLE, Mr. DODD, Mr. BURDICK, Mrs. NEUBERGER, Mr. METCALF, Mr. LONG of Missouri, Mr. FELL, Mr. SMITH of Massachusetts, and Mr. CANNON.

JANUARY 5 (legislative day, JANUARY 4), 1961

Read twice and referred to the Committee on
Banking and Currency

MARCH 8, 1961

Reported with an amendment

March 7, 1961

2. HOUSING. Both Houses received the President's message on housing, including rural housing, in which he recommends the establishment of a Department of Housing and Urban Affairs (H. Doc. 102) (pp. 3408-11). The message includes the following statement on rural housing:

"Rural housing problems require special attention.

"Almost a fifth of the occupied houses in the rural areas of America are so dilapidated that they must be replaced. Hundreds of thousands of other rural homes are far below the level of comfort and convenience considered adequate in our Nation. Both new houses and major repairs, remodeling, and modernization of existing houses are needed throughout our farm and small-town communities. For example, only one-third of our farm homes have adequate plumbing. A principal factor contributing to this situation is the lack of adequate credit in rural sections.

"(A) I therefore recommend that the unused balance of farm housing loan authority of the Secretary of Agriculture due to expire June 30, 1961, be extended for an additional 5 years.

"(B) In addition, I have directed the Secretary of Agriculture, in co-operation with the Administrators of the HHFA and the VA to develop procedures to assure adequate credit for farm and other housing in rural communities.

"(C) Finally, because the existing requirement that every farm home improvement loan be supported by a property mortgage has too often resulted in unnecessary hardship, I recommend legislation permitting farm home improvement loans to be secured either by mortgages or by other acceptable forms of security."

3. PERSONNEL. The Post Office and Civil Service Committee issued a report on the Federal Executive Pay Act of 1956 and the Classification Act of 1949 (H. Rept. 69). p. 3448.
4. MINIMUM WAGES. The Education and Labor Committee was granted permission until Mon., Mar. 13, to file a report on H. R. 3935, to provide for a gradual increase in the minimum wage to \$1.25 an hour. p. 3408

SENATE

5. DEPRESSED AREAS. Began debate on S. 1, the depressed areas bill. pp. 3329, 3342-4, 3350-60, 3370-3403
6. WATER RESOURCES. Agreed to S. Res. 94, to authorize the printing of additional copies, for use by the Interior and Insular Affairs Committee, of the report of the Select Committee on National Water Resources. p. 3331
7. FARM PROGRAM. Sen. Dirksen discussed and inserted a report of the "achievements of the Eisenhower administration from 1953 through 1960," including achievements in this Department. pp. 3334-42
8. LEGISLATIVE PROGRAM. Sen. Mansfield stated that the feed grains bill will be taken up today (Fri.) as soon after the conclusion of the morning hour as possible and that it is also anticipated there will be a yea-and-nay vote on final passage of the bill. p. 3387

ITEMS IN APPENDIX

9. CONSERVATION. Rep. Roosevelt inserted a Calif. Dept. of Youth Authority letter favoring the proposed establishment of a Youth Conservation Corps. p. A1649
10. DEPRESSED AREAS. Extension of remarks of Rep. Flood inserting a recapitulation of unemployment rates by areas in New England and stating that "these figures certainly support the need for early adoption of the depressed areas bill now before the Congress." pp. A1658-9
11. FOREIGN TRADE. Extension of remarks of Rep. Scherer stating that "there is no question but that foreign imports today are seriously and adversely affecting the economy of this Nation ..." and inserting an article on this subject. pp. A1671-3
12. NATURAL RESOURCES. Extension of remarks of Rep. Abernethy urging support of the Congress for the President's proposed program for natural resources, and stating that it already has the support of the people. p. A1685
Rep. Johnson, Calif., inserted an article, "J. F. R. Sets Bold Course For Use Of Resources," in support of the proposed natural resources program. pp. A1687-8
13. FARM PROGRAM. Extension of remarks of Rep. Schwengel inserting an article which suggests that "American agriculture needs a good press agent -- to tell the public that the farmer is not the villain in this picture, but that he is playing a vital role in our economy." p. A1686
14. PEACE CROPS. Extension of remarks of Rep. Dague stating that the proposed establishment of a Peace Corps "has left me with considerably less than the enthusiasm such a proposition should invite," and inserting a constituent's letter on this subject. pp. A1686-7
Extension of remarks of Rep. Dulski stating that he is in full accord with the President's Peace Corps proposal and that he would "be very disappointed if it were diluted and volunteers in the Peace Corps were used in depressed areas at home in this country." p. A1688
15. MILK PRICING. Extension of remarks of Rep. Laird inserting an editorial comment on a constituent's letter in which he discussed the milk pricing system under Federal and State marketing orders. p. A1690

BILLS INTRODUCED

16. PERSONNEL. H. R. 5397, by Rep. Corbett, and H. R. 5432, by Rep. Murray, to make permanent certain increases in annuities payable from the civil service retirement and disability fund; to Post Office and Civil Service Committee.
H. R. 5398, by Rep. Corbett, and H. R. 5431, by Rep. Murray, to amend section 507 of the Classification Act of 1949, as amended, with respect to the preservation of basic compensation in downgrading actions; to Post Office and Civil Service Committee.
H. R. 5403, by Rep. Fogarty, to extend the application of the Classification Act of 1949 to certain positions in, and employees of, the executive branch of the Government; to Post Office and Civil Service Committee.
17. LANDS. H. R. 5407, by Rep. Harding, to authorize civil actions for the review of administrative determinations as to the use of lands of the United States

business community. A key factor in creating a favorable climate for small business has been the Small Business Administration, established in 1953 upon recommendation of President Eisenhower. Among the accomplishments are:

1. SBA loans to nearly 22,000 firms totaling more than \$1 billion to date.

2. More than \$14 million in SBA loans has gone to State and local development companies to finance shopping centers for small business concerns.

3. Disaster loans by SBA have amounted to nearly \$109.5 million.

4. Investment capital of \$161 million has been made available through SBA licensing and financial assistance to 168 small business investment companies.

SBA also provides a one-stop service for Government procurement information; has aided in the standardization and simplification of Federal purchasing activities; has induced other Federal agencies to set aside some \$5.8 billion in Federal contracts exclusively for small business bidding; has helped the Government save more than \$10 million through a special certification program; has distributed business management and technical publications at the rate of 1.7 million copies annually; and has provided management counseling service to the small business community at the rate of 800 cases per month.

ACHIEVEMENTS OF THE U.S. DEPARTMENT OF STATE

The major accomplishments in U.S. foreign policy under the Republican administration can be outlined in two parts as follows:

A. To promote and maintain peace throughout the world, the United States—

1. Formed mutual security arrangements with 40 countries which are not simply military alliances but are a framework of consultative processes that are steadily improving the collaboration of the free nations.

2. Developed NATO into an effective military and political instrument enabling the Atlantic Community to thwart Soviet efforts to dominate Western Europe.

3. Created the Southwest Asia Treaty Organization.

4. Created the Anzus Treaty, which has strengthened the ties between the United States, Australia, and New Zealand.

5. Established the principle of renunciation of force, as at the time of the Suez episode in 1956. At the same time, established the U.S. position against the use of force by other nations as in Lebanon when U.S. Marines relieved the emergency, and in the Far East when we stood by our allies in the face of threatened Communist aggression against the offshore islands.

6. Brought the Korean war to an end.

7. Participated in the Geneva Conference of 1954 which ended the hostilities in Indochina.

8. Concluded the Austrian Peace Treaty which liberated Austria.

9. Stood firm on West Berlin, maintaining its freedom in the face of Communist threats and actions.

10. Has taken the lead in strengthening the United Nations.

B. In the field of worldwide economic growth, the United States took the following actions—

1. Strongly supported the reciprocal trade agreements program.

2. Established the U.S. Development Loan Fund. In 1958-60, a total of \$1.65 billion was appropriated to this fund.

3. Under the Eisenhower investment guarantee program, provided insurance against noncommercial risks for many loans in foreign countries. To date, 40 nations have signed agreements under this program.

4. At Presidential request, substantially increased U.S. subscriptions to the World Bank and the International Monetary Fund.

5. Undertook the establishment of an International Development Association, as an affiliate of the World Bank, to mobilize free world resources to supply financing on flexible terms to the less-developed countries.

6. Undertook reconstruction of the Organization for European Economic Cooperation, with 18 European countries joining with Canada and the United States to permit more effective cooperation in promoting sound economic growth in the free world and to mobilize the resources of its industrial members to help the newly developing lands.

7. Took the lead in establishing a \$1 billion Inter-American Bank for economic development loans to Latin America.

8. Joined with the Latin American states in the Act of Bogotá (1960) to assist in large-scale attack on improving living standards in Latin America. The U.S. share has been authorized as \$500 million.

9. Initiated the idea of the establishment of an Arab regional development financing program in the Middle East with U.S. support and cooperation as the keystone.

10. Initiated action leading to the International Food for Peace Conference, held in 1959.

ACHIEVEMENTS OF THE TREASURY DEPARTMENT

The 8 years of the Republican administration were marked by constructive efforts to stabilize the dollar, balance the Federal budget, correct the balance-of-payments deficit, plan for tax revision and simplification, and effectively manage the Federal debt.

The administration achieved budget surpluses in 3 of the past 6 fiscal years. The budget for fiscal 1961 is in balance.

In September 1959, the administration launched a concerted multifacet effort to correct the balance-of-payments problem, thus bolstering sound fiscal and monetary policies already being pursued.

The largest tax cut in U.S. history occurred in 1954, amounting to \$7.4 billion per year. Largest item in the tax reduction program was a cut of \$3 billion in individual income taxes. Primary emphasis was on reduction of individual income taxes in the lowest and middle income brackets.

Tax revisions supported by the Republican administration eased the burden of working mothers, parents helping to pay their children's ways through school, retired persons, families with heavy medical expenses, farmers in need of new equipment, people with sickness and accident policies, persons with nonrelative dependents, farmers engaged in conservation projects, and many other groups.

Other tax law revisions rearranged the tax burden to make it easier for the economy to move forward. These changes included more liberal depreciation allowances and a partial relief from the double taxation of dividends.

The Technical Amendments Act of 1958 strengthened the revenue system by closing loopholes and foreclosing unintended benefits.

The Small Business Tax Revision Act of 1958 provided substantial relief for small businesses, including more liberal loss deductions, more liberal depreciation allowances, and an option for certain small business corporations to be taxed as partnerships.

Introduction of new forms simplified the tax reporting of millions of individual taxpayers.

The Life Insurance Company Income Tax Act of 1959, incorporated suggestions by the Treasury Department, provided a long-range solution to the problem of developing a permanent and equitable method for taxing life insurance firms.

Debt management policies of the Treasury have backstopped the administration's goal of promoting high employment, increased production and a stable dollar.

Legislation requested by the Treasury Department in the 85th Congress would have

removed the interest ceilings on long-term Government securities while providing other reforms in debt management operations. The legislation finally approved by Congress allowed the Treasury to hike the yields on savings bonds, resulting in increased holdings of these securities by the public.

The Treasury Department played a leading role in carrying out President Eisenhower's recommendation that resources of the World Bank and International Monetary Fund be increased to meet changing world conditions.

The Treasury also had a principal part in establishment of an Inter-American Development Bank, with the 21 American Republics as members.

Other Treasury actions have helped Latin American countries to keep their currencies in orderly relation to the dollar.

Through management improvements, the Treasury was able to reduce its civilian personnel from 87,714 in November 1952 to 76,998 in November 1960, an economy of 12 percent. This was accomplished despite an increased workload in most Treasury bureaus—a 50-percent increase in checks issued, a 25-percent hike in persons clearing customs, a gain of more than 100 percent in the issuance of Treasury securities.

During the first full fiscal year of the Republican administration, almost \$21 million was saved as a result of immediate economy measures.

Treasury Department management improvement efforts over the past 8 years have resulted in total annual savings of \$75 million.

Customs clearance has been greatly speeded up, as "supermarket" inspection counters have been set up to handle an ever-growing traffic volume.

In fiscal 1960, the Internal Revenue Service marked its best year on record, collecting more than \$91 billion, handling more than 94 million returns and, through its enforcement processes, adding more than \$2 billion to the Treasury coffers.

The efficiency with which Treasury enforcement agencies have carried out their assignments is indicated by the fact that the Secret Service, during the Republican administration, scored 98.4 percent on convictions. During this same period, some \$6,780,000 in counterfeit money was confiscated.

Narcotics and customs agents, dispatched to Europe, the Middle East, the Far East, and Latin America, were responsible for developing a new measure of cooperation between the United States and other countries to curb narcotics traffic. As a result of these efforts, world supplies of illicit drugs have been substantially reduced.

The Coast Guard has been raised to peak peacetime efficiency to carry out American policy in international relations and to meet the explosive growth in the number of small boats using navigable waters in the United States.

Backup strength in event of a national emergency has been provided by the strong Coast Guard Reserve that came into being during the Republican administration.

To meet the ever-growing training needs of Treasury law enforcement agencies, the Treasury Law Enforcement School has expanded its curriculum and facilities.

Treasury Department efforts have been responsible in part for the increased effectiveness of Interpol, the world police organization.

ACHIEVEMENTS IN VETERANS' AFFAIRS

In the last 8 years, the Veterans' Administration was drastically reorganized.

A. It resulted in—

1. Employment cut 50 percent in Washington headquarters.

2. Broad career development plan installed.

3. Installation of automatic data processing, resulting in decrease in annual cost of servicing insurance policies from \$5.67 in

fiscal 1953 to \$3.88 in fiscal 1960; with a decrease in the number of persons employed from 10,300 in fiscal 1953 to 3,800 in fiscal 1960.

4. Hospital administration improved with work standards established.

5. Correspondence humanized.

B. Medical program:

1. In 1959, the President approved authorized capacity of 125,000 hospital beds for the VA, the first time the Administrator was given freedom to manage and direct the hospital bed program based on veterans' needs.

2. In the past 8 years, bed capacity increased 14 percent from 105,000 to about 120,000. Number of veterans hospitalized in any 1 day in VA hospitals increased about 16 percent.

3. Thirteen new VA hospitals opened between fiscal 1954 and fiscal 1960.

4. A 12-year \$900 million program developed and approved to modernize the VA hospital system.

5. Racial segregation ended.

6. Medical research expanded and increased from \$5,106,000 in 1953 to over \$18 million in 1960.

7. Tuberculosis patients are now admitted immediately, in contrast to 1953 when the number waiting for admittance was over 2,600.

8. Large-scale cooperative studies were made, and application of new drugs in mental illness resulted in steady rise in turnover rate of psychiatric patients, with the VA able to admit to its hospitals more than 41,000 psychiatric patients.

9. Some 81 orthopedic and prosthetic appliance clinic teams have been established in selected field stations with the result that thousands of amputee veteran problem cases have been solved.

10. Old soldiers homes no longer are just custodial, but a new program, called the restoration and rehabilitation center, is being developed as a link between hospital and community in order to restore the soldier to his home after a period of training. A pilot plant is planned for 1961.

C. New pension law:

1. First major revision in pension law since 1933 was made, with new modernized system of graduated scale of payments giving the greatest aid to those in greatest need.

2. Widows of World War II and Korean war veterans were made eligible for pensions on same basis as widows of veterans of World War I.

D. Compensation payments:

1. Payments increased by 30 percent for those with 100-percent disability, and 16 percent for those with 50 percent disability.

2. Widows of men dying in service, or as a result of wounds and diseases suffered in service, received 16-percent increases in payments.

E. Employment of the physically handicapped:

1. VA specialists published studies on occupations of epileptic veterans, blinded and paraplegic veterans. Studies resulted in employment of the handicapped by Government agencies, colleges, and foreign nations.

2. In fiscal 1960 VA employed 1,249 disabled veterans, more than 28 percent of all such disabled people employed by the Government during that year.

F. The problems of the aging veteran:

1. In 1958 a division was established in VA for medical research in aging which is coordinating with those of other Federal agencies and local governments through participation in the White House Conference on Aging.

G. Veterans housing loans:

1. During the last 8 years, the VA, through its loan-guarantee program, underwrote 2,740,000 loans to veterans.

H. Education and training:

1. Approximately 2,780,000 veterans have received training since 1953; 99,000 more

have required vocational training because of disabilities; more than 217,000 received training in engineering; 77,000 have been trained in medicine and related fields; some 52,000 were trained in physical and natural sciences; more than 860,000 have been trained in a skilled trade.

2. The 1956 legislation enacted to provide educational assistance to orphans of war veterans resulted in a total of 19,000 taking advantage of the act.

Mr. MANSFIELD. Mr. President, if the Senator will yield, when he is prepared to offer the resolution, it will receive speedy consideration.

Mr. DIRKSEN. I thank the distinguished majority leader.

Mr. MANSFIELD. Mr. President, is morning business concluded?

The PRESIDING OFFICER. Is there further morning business?

AREA REDEVELOPMENT

Mr. PROXMIRE. Mr. President, the March 2, 1961, issue of the Reporter magazine contained a useful and perceptive analysis of the need for the area redevelopment legislation which we will consider this afternoon. It was written by Mr. Sar A. Levitan, specialist in labor economics and relations and industrial development in the Legislative Reference Service of the Library of Congress. I think Mr. Levitan's fine article will be helpful to us in our deliberations on S. 1, the area redevelopment bill, and I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POVERTY IN AMERICA: WHAT WILL CONGRESS DO?

By Sar A. Levitan

A school superintendent from West Virginia testified recently before a congressional committee that children in his district often come to school without breakfast because there is no food at home. The only full meal that they have is the hot lunch provided by the schools, and the children even save part of their lunch to share with members of their family. An eastern Kentucky Congressman told of hundreds of children in his district failing to attend school because they lack adequate clothing and shoes.

The presidential election campaign provided our national leaders with ample opportunity to go out and as Lyndon Johnson put it, "taste, smell, and hear" the misery that haunts dozens of communities. This has prepared the way for action. President Kennedy is committed to giving depressed-area legislation the most important domestic priority. Secretary of Labor Arthur J. Goldberg says: "We are conscious that unemployment is not only a statistic * * * it's a human problem affecting the lives of men, women, and children."

WHY DEPRESSED AREAS?

A major factor accounting for depressed conditions in most of the urban communities has been a lack of industrial diversification. Dependence upon one industry can be fatal. Technological changes, reversal in consumer demand, shifts in plant location, and depletion of resources can strip these communities of their job sources almost overnight or else strangle them slowly.

Profound technological changes resulting in greatly increased productivity in coal mining, accompanied by a decline in the Nation's demand for coal, have wrought eco-

nomic havoc in the bituminous mining areas of Pennsylvania, eastern Kentucky, West Virginia, and southern Illinois. The American homeowner's switch from the coal stoker to the oil or gas furnace has slashed demand for anthracite and left miners idle in Scranton, the Nation's anthracite center. Some 150 miles to the west, in Altoona, where the production and maintenance of steam locomotives was a major source of employment, the triumph of the diesel engine—now so complete that last year the railroads consumed less than 2 million tons of coal (as against 132 million tons in 1944)—has created a gaping employment hole in the city. The decline in coal consumption by the railroads meant a loss of some 50,000 jobs for bituminous coal miners at their present rates of production.

Examples like these can be multiplied at will. In hundreds of communities in the United States, only one or two companies provide more than half of the manufacturing jobs. This is not to say that every one of them faces high unemployment. Many of the companies can easily adjust production to changes in demand for a given product or commodity. However, these areas are prime candidates for distress even when the economy as a whole is making out well.

Let us take the experience of Sanford, Maine, as an example of a community's depending upon one employer for a large percentage of its total employment. A mill producing woolen goods was its economic base. It closed in 1954. Since then more than one out of every eight workers in the city has remained unemployed. Efforts by business, labor, and civic leaders to attract new industry have been as unceasing as they have been unsuccessful.

THE LIMITS OF SELF-HELP

From Sanford, Maine, to Detroit, Mich.; from a one-mill textile town to a major industrial complex, the same factors are at work. Automation and dispersal of production has left a 10th of Detroit's workers unemployed during the past 3 years. More recently they have shared this experience with the major steel-producing areas in Pennsylvania, Ohio, Indiana, and Illinois. Indeed, unless demand for steel revives markedly, the industrial heart of the Nation may become scarred with areas of chronic unemployment.

The official count is kept by the U.S. Department of Labor. It now classifies 20 major cities, equal to one out of every seven major labor-market areas—cities with a population of 50,000 or more—as having substantial and persistent labor surplus. ("Persistent" is the word that carries the sting here.) Some 80 smaller centers are listed too. Altogether about a hundred cities, scattered among almost half the States of the Union and with a total labor force of more than 6 million, are now experiencing continued high unemployment. Average unemployment in these cities exceeds 10 percent; in some it is 20 percent. In the past 3 years the number of these distressed areas has increased steadily.

How about rural distress? On small and marginal farms there always is some work. But such partial employment wastes human resources and is a thin disguise for unemployment. Depletion of resources, uneconomic size of farm units, inability to keep pace with technological advances, inadequate off-farm employment opportunities, and inadequate educational and vocational training—these in the general framework of an overextended farm economy are among the causes of rural distress. The Nation's 300 rural counties of lowest income have a total population of 6 million. Per capita income in these counties stagnates at about one-fourth of the national average.

All in all, more than a tenth of the American people live in chronic labor-surplus areas.

Practically all the distressed industrial communities and many of the low-income rural areas have tried to attract new industry and broaden their economic base. They are motivated by one objective—the creation of new jobs. Experience has shown, however, that once a community becomes prey to chronic unemployment, "Operation Bootstrap" rarely works. Outside help is crucial. For example, in Hazleton, Luzerne County, Pa., a depressed anthracite town, the civic leaders raised \$6 million which helped create 3,000 new jobs. Yet one out of every seven workers in Hazleton is still jobless. "Outside assistance which would accelerate the Hazleton program seems warranted," a Commerce Department study, concluded in 1959 in typically guarded bureaucratese.

Theoretically, moving on to greener pastures may seem a solution. In practice, however, it is of limited use. Experience shows that workers, particularly older ones, have strong roots in their communities; distressed or not, they are at home. Migration to new areas is difficult for them, often impractical. Their skills, no longer wanted in their own communities, are equally useless in seeking jobs elsewhere. Workers who do venture forth and find work often are the first victims of a downturn in business. Their precarious hold on the new environment gone, they tend to return home, aggravating anew the unemployment and relief problems in the depressed areas. And of course in the last few years, with unemployment on the rise throughout the country, job opportunities for workers from such areas in more prosperous communities have declined sharply.

Besides, such migration involves a host of problems. The uprooted worker and his family increase pressure on housing, schools, churches, and recreational facilities in the new area, while facilities in the old place, poor as they are, remain under utilized and are often abandoned. Workers willing to pack up and go often find it impossible to sell their homes at all, let alone obtain a fair price. Whatever migration does occur only serves to further darken the horizon for those who stay behind.

THE DOUGLAS BILL

It was Senator PAUL H. DOUGLAS who in 1955 introduced the first bill to aid chronic labor-surplus areas and thus fired the opening shot in what has turned out to be a long and tedious series of legislative engagements. The basic purpose of the legislation has never varied; it is to create jobs in distressed areas. The ingredients are essentially these:

Self-analysis: A community's development organization must have comprehensive knowledge about its current and potential resources, both physical and human. Armed with an inventory of its resources, a community can discuss its advantages with a prospective entrepreneur on a specific and factual basis, and can indicate the kind of industries the local industrial development committee should try to attract. Frequently, communities need guidance and aid in assessing their potential. The Douglas bill would provide such assistance.

Supply of capital: Lack of capital is a major obstacle to the recovery of labor-surplus areas. Testimony presented before the Douglas subcommittee over the past 5 years, filling more than 3,900 closely printed pages, provides ample evidence that traditional lending institutions in depressed areas are less venturesome than their counterparts in expanding communities.

Douglas would have the Federal Government provide prospective employers with part of the needed long-term capital at low interest rates, the balance to be furnished by State and local government sources, and, of course, by the entrepreneur himself.

Public facilities: Distressed areas often lack facilities without which industry simply will not bite (water, power, roads, schools, etc.). A frequent reason is the deteriorated tax base and chronic low income of the citizenry. To improve facilities, the Douglas bill would provide for the creation of a separate fund from which communities could obtain credit or, in extreme cases, grants, depending upon the ability of the community and the State to contribute.

Training: In low-income rural areas, industrial skills have never been developed. In others, the market for given skills has vanished. Douglas's answer is to allocate additional Federal funds to chronic labor-surplus areas for financing wider vocational training and retraining. This would be a new departure only in its scale and direction, for the Federal Government has participated in vocational training programs since the First World War. The shape of specific programs would be determined by the needs of new or potential industries that might locate in the community.

Unemployed workers undergoing training who are not already receiving unemployment-insurance benefits would receive subsistence payments equal to the average unemployment benefits in their States. The payments would be limited to 16 weeks; and until its effectiveness was proved, the program would be attempted on a limited experimental basis only.

These, in brief, are the major components of the Douglas program, a veteran of congressional hearings and votes and of Presidential vetoes. Its proponents find it desirable from a humanitarian point of view and recommend it for sound economic reasons. Economic recession has a snowballing effect; declining activity in one area spreads to other areas. As for the costs of rehabilitating a depressed area, according to Douglas's supporters they would be more than offset by decreasing expenditures for unemployment and relief outlays, and by an increased tax base resulting from improved economic conditions.

THE DEBATE

But there are many voices in opposition to the proposed legislation. Some see in it an extension of the welfare state and undue interference with free-market forces. A more sophisticated economic argument is that aid from Washington would not resolve the complex economic factors that create chronic labor-surplus areas in the first place. On the contrary, a Federal program that encourages people to remain in a community that has lost the economic base to support them will not only fail to help these localities but will compound their social and economic difficulties.

To the assertion that the legislation is merely an extension of the principles of the Employment Act of 1946, which requires the Government to establish an environment conducive to maximum employment and production, opponents retort that requiring Federal expenditures for the establishment of jobs in selected areas is the first step in a program that would require the Federal Government to provide jobs to persons seeking work anywhere.

But the battle has by no means been fought on lofty philosophical grounds alone. More immediate practical factors have played an important role. By its very nature the legislation would extend help only to selected areas. Some Congressmen simply refuse to vote for legislation that may encourage potential employers to locate in areas other than their own. In a period of economic slack and rising unemployment, this may have been a decisive consideration. Certainly, such pressure from back home has been exerted on many a supporter of the Douglas bill.

Other critics have suggested that the Douglas measure would encourage established industry in more prosperous communities to relocate in the areas favored by the legislation, in order to get at the pork barrel. This is the runaway-shop argument. The Douglas bill tackles it by denying assistance to farms that relocate in distressed areas if thereby they substantially reduce employment elsewhere. The opposition replies that under this provision an employer could still, with Federal aid, establish a branch in a distressed area and then transfer his activities to the new community. Perhaps he could. But it is difficult to argue both this point and the ineffectiveness of the whole effort.

That the majority of southern Congressmen have voted against the area redevelopment legislation, although many of their districts would qualify for assistance, is less strange than it may seem at first glance. Their animosity is made up of one party general hostility to Federal welfare legislation and one part shrewd economics. Many of them believe that the combination of low wages and rich natural resources will stimulate expansion of industry in the South without Federal aid. They may have felt, therefore, that Federal legislation to entice industry into distressed areas would not necessarily work in favor of the South in the long run, since industry of its own accord would choose the low-income southern areas for new plants.

WHAT DOES IT COST?

It has been suggested by some proponents of aid to depressed areas that the Douglas program is entirely too skimpy; that the proposed grants for the development of public facilities are totally inadequate for developing roads, assuring industrial water supply, and constructing sewers, and improved public facilities, all of which are essential for the sound economic development of the Appalachian region and other more or less undeveloped areas. It is therefore doubted whether the Douglas program would effectively aid the distressed areas in West Virginia or eastern Kentucky. A more comprehensive program may be needed in such areas.

The extent to which the price tag of the Douglas legislation has been a real or pretended block to its passage is not clear. Certainly there has been a great deal of misinformation and misunderstanding about the true cost. The bill would authorize a total of \$389.5 million in loans and grants. Opponents have, however, failed to distinguish between the loans and the grants. Of the total funds required, \$300 million would be paid out as loans and only a maximum of \$90 million would be made available during the first year after the legislation was passed.

The interest rate charged would be in excess of what the Federal Government pays for borrowed funds; a further charge would be allocated to a sinking fund to make up for defaulted loans. Some 30 years of experience with the Reconstruction Finance Corporation (created by President Hoover), housing loans, and loans to small business show that few loans are defaulted.

The annual expenditures that Douglas favors would include \$4.5 million for technical assistance and \$10 million for subsistence payments to workers and costs of administering the program. In addition, the bill provides \$75 million for investments to develop public facilities in the most seriously depressed areas—but this would be a one-shot affair; and only \$10 million of this amount could be spent during the first year.

But the initial expenditures have been called misleading. Opposition forces see in the Douglas bill the proverbial camel's nose. To HOWARD W. SMITH, chairman of the House Rules Committee, the Douglas

bill is "a pipe dream"; to him it would be utterly unrealistic to expect that the funds sought by DOUGLAS would achieve their purpose. Above all, the opposition fears that once established, the bill would lead to further expenditures, harder to beat down.

This may have been the underlying factor accounting for the adamant position of the Eisenhower administration. In 1955, the President's annual Economic Report viewed adjustment problems of depressed areas as a local matter. A year later, as concern for the fate of these areas mounted, President Eisenhower's economic advisers conceded that "the fact of distressed communities is a matter of national as well as local concern." This concern found expression in an administration-sponsored bill that would have provided for a \$50-million loan fund and just \$1.5 million for technical assistance. By 1960, before the presidential election, the Eisenhower administration had raised the ante to a \$75-million revolving fund for loans and \$5 million in annual expenditures for technical assistance and vocational training. Yet it persisted in opposing the "frills" in the Douglas proposal that would make loans and grants for public facilities and provide subsistence payments to persons undergoing training.

Concern expressed by both the presidential candidates and by members of both Senate and House produced a 1960 version of the 1955 bill. In it, the appropriations DOUGLAS had originally proposed were trimmed by more than a third, but the basic approach and programs were left unchanged. The Senate accepted the House bill. But even this bill proved unacceptable to President Eisenhower, and he vetoed it—just as he had a similar bill in 1958. Under his leadership, the minority opposing the bill was large enough to sustain the Presidential veto.

Things have moved fast since November 8. During the campaign, Senator Kennedy omitted no occasion to call for an effective program of aid to depressed areas. There was never any doubt that if elected he would honor that promise.

Senator DOUGLAS was asked to head a special task force to prepare an immediate program. The importance President Kennedy attaches to the depressed areas is obvious; he singled out the formation of the Douglas task force for public announcement. In accepting the appointment, Senator DOUGLAS indicated that he intends to move without delay: "There is a time for study and contemplation, and there is a time for action. I believe strongly that the time for action is now." Three weeks later DOUGLAS had delivered his program to the then President-elect, and when the 87th Congress convened he lost little time in reintroducing the \$389.5 million area redevelopment bill he had favored all along. Because of its importance to the Democratic leadership, it was given the coveted number S. 1. Senate hearings were held even before the inauguration. President Kennedy's first Executive order—an order to increase and improve the food rations distributed to some 4 million needy persons—indicates the extent of his concern better than any campaign speech could.

THE FIRST STEP

The last time around, the area redevelopment bill passed the 86th Congress by a narrow margin before it was vetoed. Since then, 25 Democratic Representatives who voted for the bill have lost their seats to Republicans, many of whom will no doubt oppose the bill. But it is unlikely that the conservatives in the 87th Congress will be sufficiently strengthened to block it, particularly in view of the fact that the majority of the enlarged House Rules Committee now favors the bill. To assertions that the pro-

posed legislation is too skimpy, Senator DOUGLAS replies with a Chinese proverb: "A thousand mile journey begins with a single step." With strong Presidential backing now assured, the odds are that the country is about to take that all-important first step.

ACCEPTANCE OF BID BY GENERAL SERVICES ADMINISTRATION

Mr. LAUSCHE. Mr. President, last week I made a statement on the floor of the Senate pointing out what I believed to have been an injustice perpetrated upon a Toledo furniture manufacturing company in the consideration of a bid which that company made to provide material for the General Services Administration.

The Government advertised for bids. The company submitted a bid in accordance with the advertisement. When the bids were to be opened, the Government declared that the opening would be delayed. Subsequently the bids were opened and the Government did not act in making an award.

Between the time the bids were received and the time an award was intended to be made, the Government changed the definition of what is supposed to be a "small business." Under the change in the definition, a business enterprise of St. Louis, Mo., which was "big business" and which was disqualified, became qualified for consideration. That St. Louis firm submitted a bid. It was ineligible when the bid was submitted. It was ineligible when the bids were opened. But after there was a delay—whether it was an artificial delay stimulated purposely I am not prepared to say—the St. Louis firm became qualified and became the low bidder.

I took the position last week that in my opinion that was a bad method of doing business. When there is a declaration that the test of qualification should be made on the day a bid is awarded and not on the day the bid is received, that creates an incentive for manipulation and chicanery.

What I wish to point out today is that the Small Business Administration has taken exception to the ruling made that the eligibility shall be determined not on the day the bid is received, but on the day the award is made.

I commend the Small Business Administration for its sagacity and for its recognition of the complications which follow when under a supposed ruling it is declared that the rules can be changed in the middle of the game.

I hope that the Comptroller will recognize his mistake and declare this situation to be in accordance with what is rationality and justice.

ADMISSION OF COMMUNIST CHINA TO UNITED NATIONS

Mr. FONG. Mr. President, the time is fast approaching for President Kennedy to take a firm stand against United Nations membership for Communist China and against United States recognition of the Peiping Government.

I applaud President Kennedy's statement at his press conference yesterday

that "we are not prepared to surrender" in order to achieve a relaxation of tension between the Communist Chinese regime and the United States. I am hopeful he will follow through by a clear, unequivocal reaffirmation of our country's opposition to permitting an outlaw nation—Red China—to occupy a seat in the very body that declared it an aggressor.

Such a statement by our Government is urgently needed now to bolster the faltering resolve of some of those governments which have heretofore supported the United States position on this issue. Only today the Washington Post and Times Herald reported that 11 British commonwealth nations will support admission of Communist China, as will India and Britain. The news account said these nations reached a very wide agreement on how to bring the Chinese Communists into the United Nations.

Our Ambassador to the United Nations, Adlai Stevenson, is reported to have advised President Kennedy that the United Nations will vote to admit Red China this fall.

It appears to me there is a widespread campaign to brainwash the American people into believing the admission of Communist China is inevitable and there is nothing the United States can do about it.

Unless President Kennedy promptly and vigorously announces America's opposition and unless our foreign policy officials begin an all-out buttonhole campaign of United Nations delegates, a bandwagon movement may begin which he will be unable to stop later.

Mr. President, the unspoken corollary to the new drive to seat Communist China is a move to oust the delegation from free China. Also unspoken, but undoubtedly a prime factor in this drive, is mounting pressure to increase trade and commerce with Communist China. It will be a sorry day for the United Nations if that body abandons its long-standing and eminently correct moral position on Communist China in order to make way for more trade.

I gravely fear a new Munich is in the making, and I call on President Kennedy to use every means at his command to prevent it.

Mr. President, I ask unanimous consent that the Post article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ELEVEN NATIONS BACK PEIPING FOR U.N.

(By Arthur Veysey, Chicago Tribune Press Service)

LONDON, March 8.—With India's Premier Jawaharlal Nehru in the lead with Britain's Prime Minister Harold Macmillan in the rear, Communist China today gained strong support from 11 commonwealth nations for its admission into the United Nations.

The question of Red China came up at both sessions of the first day of the 10th commonwealth conference.

To Nehru's opening argument that it is right for the Peiping government to represent China rather than the government of Chiang Kai-shek on Formosa, Britain's Macmillan closed the day with the argument

on the western front, and so hastened the downfall of Germany in the Kaiser's war. It was crossing the Meuse, and driving forward, when halted by the armistice of November 11.

Demobilized in April of 1919 and made merely a number in the files of the War Department, the 1st Army was resurrected in 1933, and in 1935 commenced that series of field Army maneuvers which began our modernized military training. With its small headquarters it supervised the training of troops on the North Atlantic seaboard for half a decade, and then took over the conduct of those mobile, peacetime Army maneuvers in the Carolinas and in Virginia, which created and instilled in the troops those modern, mobile tactical doctrines by which the war against Hitler was won.

An army is not entirely a fixed organization. It is a collection of corps, which in turn are collections of combat divisions, each supplemented by certain special types of troops. These corps and divisions may be, and sometimes are, shifted according to events. But the army headquarters is the heart of the organization—the headquarters itself and a certain number of attached army troops. It has a broad zone of action, not narrow like the arrows of divisions piercing an enemy front. The army feels in a broad way the sense of overall maneuver on campaign, and at the same time feels intimately the fierceness of the fighting. It knows both the effort and the thought which go to make up the battle.

On October 20, 1943, 1st U.S. Army headquarters was established in Bristol, England, under the command of Gen. Omar N. Bradley, on the grounds and in the buildings of Clifton College. The staff came from four separate sources. Of the 361 officers on its staff the following June, 37 came from the former headquarters of the old 1st Army on Governor's Island in New York Harbor, 38 came from North Africa and Sicily where they had served with conspicuous success in combat with General Bradley on the staff of the II Army Corps, 100 were especially assigned just prior to sailing from New York, and 186 joined during the preparation period in Britain. Young men seasoned by battle, older men with broad experience at high level staff jobs, others especially selected were welded during the winter into a planning, operating and supervising team, with a minimum of formality and a maximum of fluid cooperation.

On the morning of June 6, 1944, 1st Army headquarters was off the Normandy beaches as some of its divisions made the first penetration of the Atlantic Wall. Between midnight and dawn the 1st Army dropped the 82d and 101st Airborne Divisions onto the Cherbourg Peninsula—an operation in which I was fortunate enough to participate with the 82d—and beginning at 6:30 a.m. sent infantry divisions ashore onto the hostile shores of Omaha Beach and Utah Beach. On Omaha the going was tough from the very beginning on the fire-swept sands, and for many days progress was made only by inching forward from hedgerow to hedgerow. On Utah, the troops were better off. A quick-running tide fortunately swept the landing craft free from the best defended beaches to more lightly held stretches. Along the Calvados and Cotentin beaches the 1st Army was indeed the 1st U.S. Army in France. At the cost of much confusion and many casualties, the airborne troops stirred up the inland area so much, that the landing divisions on Utah had comparatively faster going. By June 18, the peninsula was cut, our divisions swiftly changed direction, advanced northward on Cherbourg, and captured that important seaport on June 26. Then the real skill of our motorized army was demonstrated. By a quick move, troops which had just taken

Cherbourg changed direction 180 degrees and drove south to set up a new line. For nearly a month, it was tough fighting amid the hedgerows. However, reserve troops were pouring in, supplies were building up, and the positions were improved.

Then on July 25, 1944, with the help of tremendous carpet bombing by the 8th U.S. Air Force, the 1st Army penetrated the German lines with great power on a narrow front near St. Lo and—pouring its armored troops through—made the first major breakthrough of the German lines in Western Europe. The 1st Army was the first out of the beachhead. Prisoners were taken by the thousands. The 1st Army had now gotten more room to maneuver and made the most of it. By the end of the month, there was enough ground gained, enough strength pushed forward, and enough supplies built up, to support the employment of the 3d Army. So, on August 1, 1944, 1st Army's 18 divisions were divided between the 1st Army and the 3d Army. General Hodges succeeded General Bradley in command of the 1st Army, and Gen. George S. Patton took over the 3d Army, with General Bradley taking command of the 12th Army Group over both armies.

Swinging like a scythe against the flank of the German lines, 1st Army held open with part of its force a gateway for the 3d Army to race into the Loire Valley and down the Brittany Peninsula. Other units of 1st Army reached around east and northeast. German troops counterattacked at Mortain to try to cut off the racing lead units. 1st Army, however, checked the thrust against its gateway. At the same time it kept curling around the Germans, reaching ever eastward and then even north, hammering the almost encircled enemy against the advancing British. In the process, 1st Army, for all practical purposes, destroyed the entire German 7th Army. The way to the Seine was open, and 1st Army hurled two of its divisions forward to Paris to liberate that great old city. Motorized soldiers of 4th Infantry Division set up a temporary headquarters and wrote their unit's name on paving blocks in front of the famous Cathedral of Notre Dame. It was August 25.

The 1st Army was the first into Paris.

The 1st Army was rolling and could not be stopped. It turned to the east and northeast, pursuing the fleeing Germans before it. By September 2, spearheads of the 9th Infantry Division and of the 3d Armored Division crossed the Belgian frontier and next day occupied the famous city of Mons. In 1 month since breaking out of the Normandy area, the 1st Army had covered over 150 miles to Paris, and an additional 60 miles to Mons across World War I battlefields, at a speed undreamed of in the old days of trench-to-trench advances, past Chateau-Thierry and the Marne, past Laon and the Somme. The quick northward move into Mons put the 3d Armored and the 1st Infantry Divisions across the retreat route of an entire German corps. Thus was created what was called the "Mons Pocket," where more than 25,000 Germans were taken prisoner. Onward the 1st Army advance continued to drive against the rapidly retreating Germans, through Charleroi, through Namur and Liege, across the Meuse, into and through the Ardennes, through Luxembourg, until on September 11 reconnaissance elements of the 5th Armored Division—then with the 1st Army—pierced the Siegfried Line over the frontier.

The 1st Army was the first into Germany. 1st Army had moved fast across France and Belgium, so fast that gas and food supplies were running low. For one short period captured German rations had to be used to supplement 1st Army's meager food supply. At his frontier, the enemy rallied to his

permanent defenses, his pillboxes and his dragon's teeth. Yet the 1st Army fought forward here, even though slowly. In September the 2d Armored Division was pounding into Liege. In October the 1st Infantry Division took the great and historic city of Aachen, where once stood the throne of Charlemagne; others pushed and pried through the Hurtgen Forest, a nightmare which those who were there will never forget. 1st Army was now covering a front of 114 miles. On the front, at a spot held only weakly because the 1st Army's main strength was being used to fight forward elsewhere, the Germans struck in mid-December and penetrated very deeply. They were checked after 2 weeks of furious battle, marked by quick shifts of troops made to block them away from Liege, in a new demonstration of the mobility the 1st Army used half a year before when shifting quickly south in Normandy to face St. Lo. This was the famous Battle of the Bulge.

By early February the 1st Army had fought the Germans out of the salient. Absorbing the hardest blows of Germany's newly raised army, the 1st hit back and chewed them up. There in the Ardennes, Germany lost her freshest troops and lost the war. In February, in conjunction with the 3d Army on the right and the 9th Army on the left, the 1st Army advanced out of the mountains and onto the open plains of the Rhineland. On March 7, one of 1st Army's armored units on the right front reached the Rhine just north of Coblenz and opened eyes in wild surprise. The railroad bridge at Remagen had not been destroyed. Over that bridge sped the men of the 9th Armored Division.

The 1st Army was the first to cross the Rhine:

Higher headquarters had not planned it that way. The crossing was to have been made on the lower reaches of the river. 1st Army, however, poured more and more troops over and expanded slowly into the hilly country beyond for nearly 2 weeks. Ten days later the bridge fell into the river, but pontoon bridges were in. The buildup grew. By the end of the month, 1st Army had a good buildup east of the river and had struck east and then north to make contact with 9th Army. In this eastward thrust, 1st Army helped encircle more than 300,000 Germans in what was called the Ruhr pocket. With hardly a pause, while two of 1st Army's corps were mopping up the Ruhr, the other two of 1st Army's corps were pounding eastward through Germany, heading for Halle and Dessau and for Leipzig, and clearing up the Harz mountains. On April 22, 1st Army was on the Mulde River, the stopline. Then patrols were sent forward. Three days later, one of these, from the 69th Infantry Division, met soldiers of the Soviet Army on the girders of a blownup bridge at Torgau.

The 1st Army was the first to meet up with the Russians:

That is, briefly, the story of the 1st U.S. Army in Europe during World War II. After the German surrender, during the first week in May, the divisions were released from 1st Army. Headquarters of the 1st Army then packed and started back to the United States; and, in accordance with the choice of the high command moved to the Philippines to begin planning for the invasion of Japan. The team which had done so well from Britain to Normandy, from Normandy to the Rhine, from the Rhine to the Elbe, was not only a seasoned staff of capable officers, but it was a well coordinated group under a quiet, unflustered, and able commander. They had been especially selected for this new task, a task which never materialized because the war in the Pacific ended soon after arrival there. It did, however, perform one little military function even after its arrival in the Philippines. The staff negotiated and General Hodges accepted

the surrender of some 15,000 Japanese, who had been cut off in a pocket located near a town on the island of Luzon where the 1st Army had set up its command post.

Thus ends this saga of the famous fighting 1st U.S. Army and its World War II accomplishments. I would like to call your attention to what happened to all of the members of this great staff who managed the 1st Army so effectively, but this is too much of a task to undertake here. I shall only be able to give you the location and status of life of a few. Gen. Courtney H. Hodges is retired, as I have previously said, and is living on Saddle Tree Road, Shavano Park, San Antonio, Tex. Lt. Gen. William B. Kean, who then was a major general and Chief of Staff, is now retired and living in Clearwater, Fla. Maj. Gen. Samuel Myers, then a colonel and the Deputy Chief of Staff for Operations, is still on active duty as Assistant Deputy Chief of Staff for Logistics, Department of the Army. Col. Charles F. Williams, Deputy Chief of Staff for Administration, who retired shortly after the war on account of ill health, is now living in Florida. Brig. Gen. George A. Miller, the G-1, retired soon after the war due to ill health and is living in California. Col. Benjamin A. Dickson, the G-2, retired soon after the war due to ill health and is now living in Paoli, Pa. Maj. Gen. Truman C. Thorson, the G-3, then a brigadier general, retired recently due to ill health and lives at 4000 Massachusetts Avenue, Washington, D.C. Maj. Gen. Robert W. Wilson, the G-4, then a brigadier general, left active duty immediately after the war, but remained active in the Army Reserve and recently retired. He now lives in Drexel Hill, Pa. Col. Damon M. Gunn, the G-5, and my old boss, retired several years ago. He is now living at 4007 49th Street NW., Washington, D.C.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

HOUSING AND COMMUNITY DEVELOPMENT—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 102)

Mr. MANSFIELD. Mr. President, I send to the desk a message to the Congress of the United States from the President, which I understand is now being read in the House. I ask unanimous consent that it be printed in the RECORD and referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message from the President was referred to the Committee on Banking and Currency.

(For text of President's message see House proceedings for today.)

AREA REDEVELOPMENT ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business, S. 993, be temporarily laid aside, and that the Senate proceed to consider Calendar No. 63, S. 1.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. HRUSKA. Mr. President, reserving the right to object—and I shall not

object—the majority leader announced yesterday that he would make this unanimous-consent request.

The PRESIDING OFFICER. The Chair wishes to state that it is the understanding of the Chair that the unfinished business is not before the Senate, and will not be before the Senate, in the absence of a motion, before 2 o'clock.

Mr. MANSFIELD. Mr. President, I was going to make a further unanimous-consent request, if there is no objection, that the rule be waived and that no motion be made at 2 o'clock.

Mr. HRUSKA. Mr. President, I shall not object to the unanimous-consent request. However, it should be brought to the attention of the Senate that the report on the depressed areas bill, which is the subject of this request, was not filed until this morning in its printed form. It was not made available to the membership of the Senate until this morning.

This is not the first time during this session—certainly not the first time in Senate sessions generally—that the Members of this body have been requested to engage in debate on and consideration of measures as to which reports have not been seasonably filed. This is the second or third instance since we convened on January 3. Lest it ripen into a practice and a regularly approved procedure, I wish to say that the Senator from Nebraska will be constrained to make objection on future occasions when similar instances occur.

This is supposed to be a deliberative body. We are supposed to follow a procedure whereby some semblance of full information will be disseminated to the membership as a result of committee action, committee official action as well as the hearings themselves.

For the first time, so far as I recall, 30 minutes ago there came to my consciousness the idea that there was a report and that there were hearings on the bill.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HRUSKA. However, I appreciate the position of the majority leader in the instant case. I wish to facilitate consideration, and I do not wish to obstruct having timely consideration given to the passage of the feed grains bill. I understand further that action on the bill would not be in order until the other body has acted.

For that reason I do not object. But I do wish to say that on future occasions the Senator from Nebraska may be constrained to insist upon a more literal compliance with the rule.

Mr. MANSFIELD. Mr. President, I thank the Senator from Nebraska for his graciousness, his courtesy, and his understanding. He has a valid point. I hope that what we are doing today will be the exception rather than the rule and, so far as the leadership is concerned, I believe we can assure the Senator from Nebraska that, insofar as we can, we will see that his suggested policy is pursued. But in view of the unusual circumstances affecting the feed grains bill at this time, we thought that this procedure would be proper but we would follow it only if no Senator object-

ed to operating on that basis. I thank the Senator from Nebraska.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. We are fully aware of the difficulty which confronts the majority leader because the chairman of the Senate Committee on Agriculture and Forestry preferred not to press for action on the bill in the Senate until the House had completed its action. Action is taking longer in the House than was anticipated, but I gather, judging from the amount of interest in the amendments before the House, it might take the better part of the afternoon.

I believe the distinguished Senator from Nebraska makes a most valid point, and for the minority I can assure him that the present procedure will not ripen into a habit. But we would like to cooperate with the majority leader to the full. So if this measure is before us for discussion, I suppose discussion of the depressed areas bill can begin. I am hopeful, of course, that there will be no undue effort to press for or hasten action, because it is a most important bill.

There are a number of substitutes, and I do not wish to see the discussion concluded, particularly in view of the possibility that during the weekend period a good many Senators on both sides of the aisle may be out of the city. However, for discussion purposes, the bill could be considered.

Mr. LAUSCHE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. First, I agree with everything that the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], has just said.

I yield to the Senator from Ohio.

Mr. LAUSCHE. The bill that is proposed to be considered is a very important one, and I would be inclined to object to its present consideration until the rules are complied with, unless there is some assurance that no effort will be made to dispose of the bill supposedly with expedition, but perhaps with too much haste and with lack of full consideration.

Mr. MANSFIELD. I assure the Senator from Ohio that the rule is being complied with and that we do not intend to push or shove the bill through. We hope to have ample debate on it. The reason for bringing it up for consideration at this time is the unusual circumstances affecting the status of the feed grains bill in the House.

Mr. LAUSCHE. There are so many bills of great importance that will be coming before this session of Congress, many of them establishing new avenues of approach on the part of the Government, that I am inclined to join with the Senator from Nebraska [Mr. HRUSKA] in suggesting that time ought to be available for Senators to read the reports, at least in a cursory way, and to read the testimony to the extent that they may wish to do so.

Mr. DIRKSEN. Mr. President, will the Senator yield to permit me to make an observation?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I was advised, whether correctly or incorrectly, that

this morning 22 Senate committees were meeting at the same hour. Trying to distribute the membership among all the committees that are meeting becomes quite a chore, and I discover now that I must fend a little to make sure that a minority Member is in attendance in the Chamber. So when my distinguished friend from Ohio speaks about the workload that is in a state of incubation, he was never more correct. I presume that there will be a great surge of legislation, to the point where one might seriously develop legislative indigestion. I hope it will not happen. I am sure my even-tempered and distinguished friend from Montana will sympathize with our difficulties and not push us too much, although we know that he has a problem. There is a timetable, and the administration, of course, wants to get action.

As I said this morning rather jocularly, I am reminded a little of the country doctor in a horse and buggy racing down the roadside. A friend shouted to him, saying, "Hey, Doc, why such a hurry?"

The doctor replied, "I got to get out there before the patient gets well." [Laughter.]

So I understand everyone wants to get the program going before the patient gets well. From the observations I gather from administration leaders, we have turned the corner. The patient is getting well and, as I observed yesterday, I was thoroughly heartened by the fact that both "Liz" Taylor and the economy have improved. That is cause for jubilation and congratulation.

Mr. LAUSCHE. I assume that the Senator from Illinois will indulge me if I carry on my discussion with the Senator from Montana, and that he will not expect me to give confirmation to what he has said. He will not expect that confirmation at this time, will he?

Mr. DIRKSEN. Oh, I would love it, because then I would repeat it. [Laughter.]

Mr. LAUSCHE. I do not think I shall give it. But I have assurance from the Senator from Montana that there will be no effort to hurry this measure through.

Mr. MANSFIELD. The Senator from Ohio has my assurance.

Mr. DIRKSEN. Could not the distinguished Senator from Ohio here and now tell me that he fully concurs in what I have said?

Mr. MANSFIELD. Mr. President, I do not believe we should get into a discussion of turning corners, two cars in every garage, or two chickens in every pot. I think we should get on with the business at hand, and the watchword should be quality and not quantity.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. ROBERTSON. Reserving the right to object—and I shall not object—as chairman of the Committee on Banking and Currency, I am happy and proud to learn that there are some Senators who are interested in the report the committee has filed. It was filed yesterday afternoon, but, of course, the

printed copies were not available until 11 o'clock this morning, and naturally Senators have not had an opportunity to read it. It is a 76-page report, and the chairman, unfortunately, did not find himself in agreement with the majority of the committee in reporting the bill. He has filed individual views, and he would like to have Senators read those views.

All that has been proposed is that since we cannot conveniently go ahead today with the feed grains bill, we could debate the proposed Area Redevelopment Act. Then we could probably lay it aside tomorrow for consideration of the feed grains bill, if the House finishes its action, as we expect it to do today, and probably we would actually vote not before Tuesday or Wednesday of next week. The chairman hopes that the vote will not come until next week, because this is an important measure. The report should be studied by every Senator. Unemployment is a serious problem, but in the opinion of the chairman of the committee, the bill is not the solution for it.

We have the majority report. We have the recommendations of the President on the proposed legislation, and naturally we bring the bill before the Senate. It should be debated. I do not object.

The PRESIDING OFFICER (Mr. METCALF in the chair). Is there objection to the request of the Senator from Montana? The Chair hears none, and the clerk will state the title of the bill.

The LEGISLATIVE CLERK. A bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, S. 1, which had been reported from the Committee on Banking and Currency, with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing

and expanding new and existing facilities and resources rather than merely transferring jobs from one community to another.

AREA REDEVELOPMENT ADMINISTRATION

SEC. 3. In order to carry out the purposes of this Act, there is hereby established in the Department of Commerce an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the same rate as that prescribed by law for an assistant secretary of an executive department.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Administrator in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary of Commerce as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary of Commerce shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary of Commerce shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Administrator is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Administrator as redevelopment areas.

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in subparagraphs (1) and (2) below, that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two years.

The Secretary of Labor shall find the facts and provide the data to be used by the Administrator in making the determinations required by this subsection. Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under section 350 of the Tariff Act of 1930, as amended, with respect to which the President has reported to the Congress under section 4(a) or 7(c) of the Trade Agreements Extension Act of 1951, as amended, and meeting the standards of unemployment set forth in this section shall be entitled on application to special consideration by the Administrator for designation as a redevelopment area.

(b) The Administrator shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before making any loans as the result of designations under this subsection, the Administrator shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Administrator shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government and/or from the State or States in which such area is located or from any municipality therein. In making the designations under this subsection, the Administrator shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible. In making these determinations, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of the Interior, and such other heads of agencies as may be appropriate, are authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Administrator shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as a redevelopment

area and may include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment in cases of demonstrated need) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) above shall not be construed to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch affiliate, or subsidiary: *Provided*, That such assistance will not substantially decrease employment in the area of original location.

(b) Financial assistance under this section shall be on such terms and conditions as the Administrator determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000;

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) The Administrator shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) Subject to section 12(5) of this Act, no loans, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Administrator as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor;

(8) Such loans shall bear interest at a rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-half of 1 per centum per annum to cover administrative

expenses and to provide for losses on loans under this section;

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in cases of demonstrated need, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan;

(C) That in extending financial assistance under this section with respect to a redevelopment area, the Administrator shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources; and

(D) That to the extent the Administrator finds such action necessary to encourage financial participation in a particular project by other lenders and investors any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project;

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Administrator an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

(c) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in redevelopment areas designated under section 5(a), and not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in redevelopment areas designated under section 5(b).

PUBLIC FACILITY LOANS FOR INDUSTRIAL OR COMMERCIAL PURPOSES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area or part thereof, the Administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that such facilities will serve primarily industrial or commercial needs and that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful

establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) No loan under this section shall be for an amount in excess of 65 per centum of the aggregate cost of the project for which such loan is made. Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-quarter of 1 per centum per annum.

(c) In making any loan under this section, the Administrator shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan. In determining the amount of participation required under this subsection with respect to any particular project, the Administrator shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

(d) To the extent the Administrator finds such action necessary to encourage financial participation in a particular project by other lenders and investors, any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(e) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(f) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

PUBLIC FACILITY GRANTS FOR INDUSTRIAL OR COMMERCIAL PURPOSES

SEC. 8. (a) The Administrator may conduct studies of needs in the various redevelopment areas throughout the United States for, and the probable cost of, land acquisition or development for public facility usage in serving industrial or commercial needs, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities to serve such needs within such areas, and may receive proposals from

any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area, or part thereof, relating to land acquisition or development for such public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of such public facilities within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Administrator, in consultation with such entity, is authorized to modify all or any part of such proposal.

(b) The Administrator, pursuant to a proposal received by him under this section, may make grants to any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area, or part thereof, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area, if he finds that such facilities will serve primarily industrial or commercial needs and that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b)(10) and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(c) The Administrator shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(e) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

FUNDS FOR LOANS

SEC. 9. (a) To obtain funds for loans under this Act, the Administrator may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of

the Treasury in an amount not to exceed \$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

(b) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Administrator shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. Subject to section 24, the Administrator shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. Subject to section 24, in carrying out his duties under this Act the Administrator is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for

such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 12. In performing his duties under this Act, the Administrator is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Administrator shall determine, and pay the costs of qualification of certain of them as notaries public;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Administrator;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Administrator, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Administrator or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Administrator determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as a redevelopment area. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other

municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly non-residential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) The aggregate amount of capital grants which may be contracted for under this title with respect to projects for the redevelopment of urban renewal areas for predominantly nonresidential uses, under the second proviso of the fifth sentence of section 110(c), may be increased by an amount not to exceed 10 per centum of the aggregate amount of new grant contract authority provided after September 23, 1959, whenever the Administrator determines (1) that an increase in such amount is necessary in order to provide financial assistance under this section, and (2) that such assistance is not otherwise available because of the limitation contained in such proviso."

URBAN PLANNING GRANTS

SEC. 15. (a) Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

(b) Section 701(b) of such Act is amended by adding before the period at the end of the first sentence a colon and the following: "*Provided*, That a grant may be made under clause (A) of paragraph (3) of subsection

(a) of this section for not more than 75 per centum of such estimated cost".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Administrator, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available, and shall make appropriate provision for such supervision by the appropriate agency as is necessary to the successful operation of any training program established under this section. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Administrator may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed

sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied weekly training benefits because of this paragraph is not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law, this paragraph shall not apply.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purpose and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Administrator shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administrator, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Administrator in the administration of this Act, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Administrator or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Administrator, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administrator, or (4) gives any unauthorized information concerning any future action or plan of the Administrator which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the secu-

rities or property of any company or corporation receiving loans or other assistance from the Administrator, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No loan shall be made by the Administrator under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administrator the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administrator for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise, for a period of two years after any assistance is rendered by the Administrator to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Administrator shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Administrator shall maintain as a permanent part of the records of the Administration a list of approved applications for loans which shall be kept available for public inspection during the regular business hours of the Administration. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Administrator under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Administrator shall not approve any project involving the contribution of Federal funds without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

REPORTS

SEC. 22. The Administrator shall make comprehensive and detailed semiannual reports to the Congress of his operations under this Act for each six-month period of each fiscal year beginning with the fiscal year ending June 30, 1962. Such reports shall be printed and shall be transmitted to the

Congress not later than January 3 and June 30 of each year following the fiscal year with respect to which such reports are made. Such reports shall show, among other things, (1) the total number of unemployed persons in redevelopment areas, (2) the total principal amount of loans under this Act which are outstanding, the aggregate expenditures incurred by the Government in providing grants and other forms of assistance under this Act, and the administrative expenses incurred by the Government in providing assistance under this Act, (3) the number of applications for assistance under this Act which are pending and the total amount of assistance requested in such applications, (4) the number of industrial or commercial enterprises which have commenced or expanded operations in redevelopment areas as a result of assistance under this Act, the total asset value of such enterprises, and a description of each such enterprise in terms of whether it is a wholly new business enterprise, an enterprise which has moved from another area, or a branch of an existing business enterprise located elsewhere, (5) the total number of jobs created in each economically distressed area as a result of assistance extended under this Act, (6) the sum obtained by dividing the total amount of Federal assistance extended under this Act (including the administrative expenses incurred by the Government in extending such assistance) by the number of jobs created as a result of such assistance, (7) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (8) the amount and duration of employment resulting from such contracts. Upon the request of the Administrator, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Administrator such information as may be necessary for the purposes of clauses (7) and (8) above.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) The Administrator may, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis. The Administrator shall exercise the authority contained in the preceding sentence whenever such exercise will avoid the duplication of existing staffs and facilities.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to section 25, may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949,

as amended, to be placed in such grades: Provided, That not to exceed one such position may be placed in such grades under this subsection, to be assigned to the agencies by the Administrator, with the approval of the Director of the Bureau of the Budget.

DELEGATION OF FUNCTIONS

SEC. 25. The Administrator, with the approval of the President, is authorized to delegate to the heads of other departments or agencies of the Government such functions, powers, and duties which are conferred upon him by this Act as he deems appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments or agencies.

RECORDS AND AUDIT

SEC. 26. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

REVIEW OF ADMINISTRATION OF ACT

SEC. 27. The Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, shall, after the expiration of two years after the date of enactment of this Act, make a full and complete study and investigation of the administration of this Act. The committee shall report to the Senate, at the earliest practicable date following the conclusion of its study and investigation, the results of its study and investigation, together with such recommendations as it deems advisable.

DEFINITIONS

SEC. 28. As used in this Act, the term "State" means any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico; and the term "United States" refers to the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

Mr. ROBERTSON. Mr. President, earlier in the day the chairman of the committee sent word to the distinguished Senator from Illinois [Mr. DOUGLAS], who reported the bill to the Senate on behalf of the committee, that, since he was the distinguished author of the bill, the chairman would be very glad to yield to him to open the debate. But, as the little exchange between Senators has already disclosed, it was not contemplated that debate on the bill would start before the end of the normal morning hour—2 o'clock. So the distinguished Senator from Illinois, the patron of the bill, is not present, and the chairman will open briefly, giving an explanation of why he voted in committee against the report of the committee, and why he is still opposed to it.

Mr. President, I am opposed to S. 1, the area redevelopment bill. The additional Federal credit and the additional Federal bureaucracy authorized by this bill are not the answer to the problem of depressed areas. Thus, S. 1 will give

false hope to those who look to it for economic salvation. It will use ineffectively the \$394 million in Federal outlays permitted under it.

If legislation like S. 1 is to be enacted—however inappropriate and ineffective it may be—a number of major improvements should be incorporated in the bill. The power to administer the program should be vested directly in the Secretary of Commerce. It should not be placed in what is essentially another new independent agency only loosely associated with the Department of Commerce. All funds should be made available through annual appropriations with no recourse to back-door Treasury financing. But even if these amendments were made to S. 1, the bill would still be basically unsound.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. LAUSCHE. The Senator from Virginia has mentioned that there may be involved in the pending bill back-door financing. What is the fact with respect to whether the bill follows what is the normal course which is generally applied in connection with financing?

Mr. ROBERTSON. The bill provides that the grants and ordinary expenditures shall follow the constitutional provision that money shall be appropriated by an appropriation bill. That provision is in the Constitution. However, that provision applies only to \$94 million out of \$394 million. The other \$300 million would come from back-door financing, through a pipeline to the Treasury. The new agency would say to the Treasury, "Let me have this money. Here is my certificate, my note." The Treasury would ask, "When will you repay it?"

The agency would reply, "We don't know. When we get it."

Mr. LAUSCHE. The new agency would have authority to go to the Treasury and, through the delivery of a certificate of indebtedness, procure the money?

Mr. ROBERTSON. By presenting its I O U.

Mr. LAUSCHE. It would procure the money?

Mr. ROBERTSON. Yes; the money would come out of the Treasury, just as if we had appropriated it. However, the money would not be in the budget. It would be added to the deficit, if the Treasury did not have the money in hand.

Mr. LAUSCHE. \$94 million of it would be dealt with in the normal fashion. What items in the bill does that amount cover?

Mr. ROBERTSON. The Senator will find a breakdown of the amounts on page 10 of the committee report. The breakdown shows the grants and other expenditures as consisting of several items: First, \$75 million for public facilities for industrial or commercial purposes—that refers to the bringing in of factories, where it is necessary to fix streets and sewers and lights, and so on; second, \$4,500,000 for technical assistance each year; third, retraining subsistence payments of \$10 million each

year; and last, occupational training of \$4,500,000 a year.

These are the amounts that would be appropriated.

The chairman of the committee, the junior Senator from Virginia, at an appropriate time will offer an amendment requiring that everything be provided for by annual appropriation. The amendment has been sent to the desk. The distinguished Senator from Arkansas [Mr. FULBRIGHT], who at one time was chairman of the committee, will offer an amendment to put jurisdiction over the program under the Department of Commerce, and not create a new and what could be a very expensive bureaucracy.

Mr. LAUSCHE. What was the reason assigned for dealing with \$94 million of the requested total sum in the normal manner, and \$300 million of it through back-door financing?

Mr. ROBERTSON. Well, the reason was not very frankly expressed. The real reason is that those who favor the program do not want an independent committee passing judgment on it, because they fear that the Appropriations Committee may hold it up or may cut down the amount. When they get started with the program, the proponents want to be able to have a freewheeling program.

Mr. LAUSCHE. For my information, will the Senator from Virginia describe how the program would become a freewheeling program, when it is financed through back-door financing instead of making the administrators of the program come before the regular committees of Congress for consideration of requests for money?

Mr. ROBERTSON. Congress would be passing a bill creating a new agency with power to borrow from the Treasury up to \$300 million, on the issuance by that agency of its I O U's, and delivering those I O U's to the Treasury. In that way it becomes a freewheeling spending program. When the agency is established it can go to the Treasury and say to the Treasury, "Here is my I O U. Let me have \$100 million." Or it can ask for \$200 million or \$300 million. In that way it is a freewheeling agency spending up to \$300 million.

Mr. LAUSCHE. Is it correct to say that it could continue in that way without annual supervision by the appropriate committees of Congress?

Mr. ROBERTSON. That is absolutely correct. In the opinion of the chairman of the committee this program should be limited to one or two years, and I expect an amendment to accomplish that will be offered. We limit foreign aid to 1 year, so that we can look at it from year to year. The proposed programs have been before the Congress for 6 years and have never been adopted, because we have found that there are inherent weaknesses in such a proposed program that we should not get into. Some people have been afraid that if we get into this sort of thing it might mean the end of private enterprise, because it would put the Government into the business of determining by the use of Federal funds where industries should be located. That subject has been argued back and forth for 6 years.

The bill passed the Senate last year by a narrow majority. Now we have it before us again. As the Senator from Virginia will explain in the course of his remarks, he believes that this approach is ineffectual and unconstitutional, and certainly undesirable. Furthermore, such a program should be placed directly under the jurisdiction of the Secretary of Commerce. The Secretary of Commerce testified that the Department had 45 employees trained and ready to go ahead with the program if it is placed in his Department. Furthermore, the junior Senator from Virginia believes that this ought to be a year-to-year program, so that we could take a look at it from time to time.

Mr. LAUSCHE. Does the Senator from Virginia have at hand at the present time the amount of back-door authorizations which have been built up through the years?

Mr. ROBERTSON. It is my recollection that we have built up \$56 billion dollars of spending in that way in recent years. It has been \$114 billion all told. However, \$33 billion was outstanding on June 30, 1960. That is the amount that has never been acted upon by the Appropriations Committees, as I consider that the Constitution requires, and as the rules of the House and the Senate contemplated when they created the Appropriations Committees.

It used to be the practice for each committee to handle its own appropriations. Then it was found that a committee would be prejudiced for a certain proposition or would be prejudiced against something. Therefore the rules were changed to provide that it was first necessary to get an authorization, and then it was made necessary for a fair and impartial committee to say whether money for a project should be appropriated.

Mr. LAUSCHE. When the Appropriations Committees were established, it was contemplated that they would be the central agencies through which all financing would have to be screened, and that the Appropriations Committees would take a look at the whole cloth, to determine how that cloth should be divided, and to make certain that an equitable allocation was made of the money. Is that correct?

Mr. ROBERTSON. Yes. That is correct. Not only that, but the committees were to do it every year. They would not say, "Here is \$400 million or \$500 million or \$600 million, and we cannot put our hands on it until you spend all of that money."

Mr. LAUSCHE. Where there has not been the service of this central agency, the Appropriations Committees, all that is nullified when back-door financing is indulged in. Is that correct?

Mr. ROBERTSON. Absolutely.

Mr. LAUSCHE. Back-door financing is usually motivated by the purpose of avoiding the Committee on Appropriations?

Mr. ROBERTSON. The Committee on Appropriations is sidestepped under the pleasing camouflage that what is sought is a loan, not an appropriation. The bill provides a revolving fund, and the presumption is that the money will

be repaid. The argument is that we are not appropriating; we are going outside the budget to let someone borrow money because he says, "Here is my I O U. I will repay you." But everyone knows that that is a subterfuge for getting money from the Treasury in violation of the Constitution. It is an effort to get money without the safeguards which Congress contemplated when it took from each of the committees having legislative jurisdiction the power to handle its own appropriation bill and established in each House a new, separate, and distinct committee for that purpose. The House Committee on Appropriations has 50 members. It is the largest and most powerful group in the House.

Mr. LAUSCHE. I thank the Senator from Virginia.

Mr. ROBERTSON. I thank the Senator from Ohio for his questions.

AN INCORRECT APPROACH

For one thing, S. 1 is an incorrect approach to the economic facts of life. We should remember that as our economy expands, some communities inevitably fall behind the national rate of growth. Over a period of time, these localities—particularly depressed areas—may seem to be less and less well off. This may be so even though in some cases a large share of the local labor force is employed and even though local standards of living continue to advance.

It is obvious that whatever our national level of prosperity may be, approximately one-half of all areas will be below average at any one time or over any given length of time. As long as below-average communities improve no faster than the Nation grows, they will always appear to be comparatively depressed, no matter how much progress they have made. S. 1, therefore, cannot eliminate a problem which, like the poor, will always be with us in some measure.

The proponents of S. 1 claim that the bill will channel economic activity into depressed areas to a greater degree than would otherwise occur. In other words, growth would be directed away from its natural course to benefit a relatively small number of areas at the expense of all others. Federal direction of economic growth would be implemented chiefly through the availability of \$200 million of Federal credit for long-term loans toward commercial and industrial facilities, and \$100 million for loans and \$75 million for grants toward public facilities serving commercial and industrial establishments. Besides this, \$10 million would be authorized for retraining subsistence payments, \$4.5 million for technical assistance, and another \$4.5 million for occupational training.

As I said to the distinguished Senator from Ohio, the figures appear on page 10 of the committee report.

The precedent established by these provisions could, in my opinion, ultimately lead to Federal control over all industrial location or relocation in every community. To the degree that Federal control under this bill would channel economic expansion away from its normal path, we will pay a price in terms

of a reduced rate of overall economic growth and a lower average per capita income for the Nation as a whole.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. LAUSCHE. Was there any discussion before the committee concerning the factors which usually induce industry to settle in a community?

Mr. ROBERTSON. There was much discussion of that subject. I call attention to the printed hearings, which comprise 880 pages. There was, as I shall point out later, a difference of opinion as to what causes growth and employment. There was a theory that low production costs would give employment, and the bill is geared to that theory. However, it was pointed out that in some areas, especially in New England, the existing empty factories do not attract industry and provide jobs. It is the profit motive which will give employment. That is why I say the bill ignores the most fundamental principle, namely, the profit motive, regardless of the cost. If an industry can make a profit in a certain area, that is where the industry will go, and that is where it will remain.

Mr. LAUSCHE. While I was the chief executive of Ohio, my efforts were directed substantially to attracting new industries to our State. My experience was that these factors were normally considered by those who were seeking sites for business: First, closeness to the consuming market; second, closeness to the supply of crude materials; third, location in a community which insured adequate legal protection of property and person.

Mr. ROBERTSON. That is an important factor.

Mr. LAUSCHE. Fourth, a reasonable tax rate; fifth, an adequate supply of water and power; sixth, the availability of adequate transportation facilities—water, rail, and, increasingly important, air; seventh, a healthful living environment.

Whenever there was not a proximity of consumers or raw materials or a condition indicating adequate protection of life and property, industries would not settle in the place to which they were invited.

I should like to have the Senator's comment.

Mr. ROBERTSON. The Senator from Ohio is eminently correct. He has enumerated factors which could be summarized in the phrase "favorable business climate." A favorable business climate is one which offers the necessary raw materials and facilities; closeness to markets; protection from hoodlums; and what might be called the protection of the law.

In addition, such a climate provides a chance for an industry to make a profit, and not have all the profit taxed away. It offers him a reasonable certainty that various types of outlaw strikes will not ruin the industry's chances for success.

I call the Senator's attention to an excellent statement on page 283 of the hearings. It was made by Mr. Robert P. Lee, vice president of the Connecticut Light & Power Co. Mr. Lee serves

as manager of his company's area development department. He enumerated the factors which the bill ignored and indicated why, in his opinion, it would not solve the problem of either temporary or chronic unemployment.

There are two types of unemployment. One is chronic unemployment, such as exists in the bituminous coalfields of Pennsylvania, West Virginia, and southwest Virginia. The miners in those areas have been priced out of the market. Instead of the previous 500,000 miners, 200,000 now produce all the coal that can be sold. The other 300,000 have no employment, and they do not have any immediate prospects of employment. They have been in that situation for 4 or 5 years, and the condition is getting worse. That is chronic unemployment.

Temporary unemployment is the kind which exists seasonally in Atlantic City, Detroit, and similar areas. One area depends on tourists; the other on the manufacture of automobiles.

If the money provided in the bill is distributed according to where there is the most urgent temporary unemployment, it could all go—every dollar of it—to a few large cities, and still it would not accomplish anything.

Mr. Robert P. Lee, representing the U.S. Chamber of Commerce, at page 283 of the hearings quoted the following paragraph from the report of the Kennedy task force on area redevelopment:

Changes in consumer demand, depletion of resources, changes in defense procurement or in location of defense facilities, decentralization of production, lack of industrial diversification, and technological change are the most important causes of depressed economic conditions in the labor surplus areas.

The witness himself went on to say:

None of the provisions in the bills before you for loans and grants undertake correction or alleviation of the causes cited.

Mr. LAUSCHE. Does not that raise the question of whether it is possible, merely by legislative fiat or legislative declaration, to establish conditions that are not naturally in existence in a community that desires to attract industry?

Mr. ROBERTSON. This bill ignores, first, our history, which clearly proves that our great economic development and our wonderful wealth are built on the system of private enterprise. If anyone has any question about that, all he has to do is look today at Western Germany. Of all the nations in the world, after we gave Western Germany some operating capital, that nation made the best use of the available funds, by doing what the old Jewish prophet said after the return from captivity in Babylon; he said, "Our walls were rebuilt because the people had a mind to work." That is still true; it is necessary to have a mind to work, and also to have capital.

The best way to get capital is to obtain it from private sources—to pool one's resources, and then, perhaps, obtain a loan from a financial institution. A second way to get capital is to borrow it, as we authorize under sections 501 and 502 of the Small Business Act. Under these sections, State and local development corporations can obtain capi-

tal from the Small Business Administration.

But the poorest way to get capital is the way provided in this bill. As the Senator from Ohio has said, the Government cannot, by legislative fiat, cause the establishment of a factory for the manufacture of a certain product, merely by making funds available and then saying, "Here is the money that is needed in order to establish the factory. Now take the money and get busy."

Mr. LAUSCHE. My point is that although we could pass legions of laws stating that a particular factory shall succeed, yet if the factory is not close to the consuming market, it will be at a great disadvantage.

Likewise, we could say by law that a certain factory shall succeed; but if it is not close to the necessary raw materials, it is also at a great disadvantage.

Certainly we cannot, merely by legislative declaration, change what is an undesirable atmosphere for the establishment of a business into one that is desirable.

Mr. ROBERTSON. The Senator from Ohio is, of course, correct, in general, although, insofar as closeness to market is concerned, a nylon hose factory is, relatively, closer to the market than is a producer of bituminous coal or cross-ties. The point is that the location must be close enough to make possible efficient delivery.

Mr. LAUSCHE. Of course, because the item of transportation becomes important.

Mr. ROBERTSON. I call attention to the remarks of the Senator from Utah [Mr. BENNETT] on page 671 of the hearings; and I now read part of that statement:

Senator BENNETT. In spite of all these public inducements, some industries chose to locate in areas where there is no rent or tax inducement. This suggests that there are other nonfinancial inducements and advantages that may outpull all of these. I am sure having previously been in North Carolina that you will agree to that, and certainly we in Utah think that is right.

I think the experience in Pennsylvania is very interesting. When Mr. Batt was here with us, or Mr. Davlin, he told us that out of 500 industries that had been induced to locate in Pennsylvania in the last 4½ years only 140, or 28 percent, had located in distressed areas, in spite of the fact that they could have had presumably some of these economic financing advantages.

I would like to put into the record, rather than to ask the Secretary to try and guess, the information I have gathered regarding these other factors. I sent a wire to every State, to their industrial development organization or to the appropriate group that handles this problem and I asked them to list for me the advantages which they offered to industry and what they considered to be the order of priority. I got 47 replies, and 42 of the replies rated reduced rent or financial assistance in building very low; 4 of the 47 rated it in the middle of the list, and only 1 rated it as high as fourth in the list of inducements.

Yet that is the major inducement provided in this bill.

Mr. LAUSCHE. In connection with the bill, Senator BENNETT sent out those inquiries, did he?

Mr. ROBERTSON. That is correct, and the replies are to be found beginning at page 769 of the hearings.

It is very interesting—and I am sure the Senator from Ohio will also find them informative—to read the individual views of the Senator from Utah, which are printed in connection with our report. Senator BENNETT is a successful businessman and a past president of the National Association of Manufacturers. He is a good economist, an able businessman, and a very efficient and effective Senator.

Mr. President, Senate bill 1 is based on the fallacious proposition that business is attracted by low-cost opportunities for production, rather than by high-profit opportunities for distribution. We know, however, that the basic incentive for private enterprise is just the opposite. And yet S. 1, in an effort to reduce production costs—particularly occupancy expenses, which ordinarily are a minor share of total operating outlays—endeavors to resolve all our difficulties by offering Federal loans and grants for industrial and commercial facilities and for related public facilities to any eligible private or public applicant. Federal credit would be made available, under the terms of S. 1, in several hundred areas, including Detroit, Pittsburgh, Atlantic City and San Juan.

THE WRONG TIME

Mr. President, this is no time to enact the wrong kind of legislation. Nationwide unemployment in February reached 5.7 million persons, the highest in two decades. If Federal action is taken now to relieve the unemployment situation, it should be directed toward stimulating a higher general level of production and distribution, rather than channeled toward alleviating unemployment within a comparatively few localities. In this connection, it should be recalled that unemployment in the 103 industrialized areas eligible for assistance under S. 1 represents only 11 percent of total unemployment throughout the Nation.

Earlier this week, the Secretary of the Treasury testified, before the Joint Economic Committee, that a substantial budget deficit would be likely in the fiscal year 1961. The deficit would largely reflect the fact that corporate profits may be as much as \$3 billion lower than estimated. Personal income may also fall somewhat short of earlier forecasts.

Any additional legislation, such as S. 1, which would authorize expenditures to unbalance the budget even further, should be considered with the utmost care. Funds should be applied where their results would be greatest. They should not be expended solely in areas which qualify under S. 1 for aid merely by their inability to keep pace with the national rate of economic growth.

AN INEFFECTIVE APPROACH

Not only does S. 1 incorporate the wrong approach at the wrong time; it also is likely to use ineffectively whatever aid is extended.

Consider the case of loans for commercial and industrial facilities. The bill would provide \$200 million for commercial and industrial loans over a period of years. Even so, this large Fed-

eral outlay would be equivalent to less than 2 percent of total expenditures for new plant and equipment in all manufacturing industries throughout the Nation in a single year. Only last year, such expenditures came to \$14.5 billion; this year, \$14.1 billion in expenditures are anticipated. These data, of course, exclude any outlays for commercial facilities and equipment.

VAGUE ELIGIBILITY STANDARDS

Because S. 1 incorporates such vague standards of eligibility for aid, assistance extended under it might often be misdirected. According to the mandatory unemployment tests included in the bill, the Administrator of the proposed legislation would have to designate at least 103 industrialized communities as eligible for assistance. Besides these communities, several hundred other localities—including rural areas—would undoubtedly be eligible, although they cannot so far be identified under the loosely worded provisions of the bill.

S. 1 does not indicate how Federal assistance should be allocated among eligible areas. No limit is placed on the amount of loans or grants that could be made to any one project or within any one State. Of the 648,400 unemployed persons in the 103 eligible industrialized areas in January, approximately one-third were in the two cities of Detroit and Pittsburgh. Would Detroit and Pittsburgh then get one-third of all Federal assistance? If Federal aid were spread equally among the 103 eligible areas, each area would receive less than \$4 million, regardless of the reasons why its unemployment rate was high and regardless of its potentialities for redevelopment. These cases suggest some of the difficulties inherent in administering the proposed legislation.

RELIEF MAY BE ONLY TEMPORARY

While few, if any, areas would receive substantial assistance under S. 1, there is no guarantee that such aid would be translated into lasting employment benefits. The provisions of the bill require that—

The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein such project is, or will be, located.

In view of the fluctuations in employment and unemployment which occur during business cycles—particularly within depressed areas—what permanent alleviation could this bill truly promise?

No immediate relief, however temporary, would be in sight. Many months would pass before aid could be extended through bureaucratic channels, and then incorporated in commercial, industrial, and related public facilities and evidenced by additional employment, if any. Meanwhile, no new blue-collar jobs would be created through S. 1. Many areas originally eligible for assistance might well work themselves out of their difficulties before financial aid was received under the proposed legislation.

UNDERMINES LOCAL INITIATIVE

S. 1 fails to provide for the most effective use of whatever Federal aid could

be extended. No mandatory State or local government participation is required toward grants for public facilities, nor are any State or local government funds called for, to help pay for technical assistance. No State or local government aid is necessary to finance the retraining subsistence payments, which might better be classified either as outright Federal aid to education or as unemployment relief underwritten entirely at Federal expense.

Failure to require greater State or local government participation in these programs means that Federal aid, however ineffective, will not go as far as it might if State or local government participation were at least more than nominal. Worse yet, the nominal requirements for State or local financial participation are likely to encourage still greater dependence upon Federal largess.

ANNUAL APPROPRIATIONS

The assistance provided by S. 1, whether loans or grants, should be provided through annual appropriations, rather than through back-door Treasury financing. As now worded, the bill authorizes annual appropriations only for grants. I have already submitted, as I have previously said, and I shall call up, an amendment to finance the entire program through appropriations.

I have long been opposed to using the borrowing authority as a device to circumvent the appropriations process. This device not only bypasses the Appropriations Committee; it also bypasses the basic principle that all money bills must be initiated in the House of Representatives.

Back-door financing programs have already grown to unreasonable dimensions. According to the latest report, the U.S. Treasury in mid-1960 held over \$33 billion in securities acquired under congressional authorizations for public-debt transactions covering a variety of Federal programs. Cumulative expenditures under back-door Treasury advances exceeded \$114 billion.

Some persons advocate using the borrowing authority for loan programs, and using the appropriations process for expenditure programs. I do not agree with this position. But even the adherents of such a viewpoint should hesitate to fall back upon the borrowing authority for loan programs which would be established under S. 1. The \$300 million in loans will be secured, if at all, by second, third, and fourth mortgages. They could be made for long terms—up to 25 years, in the case of industrial and commercial facilities; and up to 40 years, in the case of public facilities.

There is no requirement that they must be amortized. The original bill provided for a small sinking fund of one-fourth of 1 percent per annum of the outstanding principal amount to cover losses on loans for commercial and industrial facilities. The amended bill does not require that even this inadequate amount be set aside as a reserve against bad loans.

Remember, Mr. President, that all loans will be advanced in distressed areas where outside financing is not

otherwise available from private lenders or other Federal agencies on reasonable terms. The loans will be extended in connection with redevelopment programs which may or may not succeed over the next 25 to 40 years. They will be made with no required amortization provision and perhaps without any security. How can we hope that any substantial part of these loans will ever be repaid?

What happened under the borrowing authority related to the Defense Production Act may well be repeated here. The Area Redevelopment Administration may become insolvent as a result of having to pay interest on money borrowed from the Treasury which has gone down the drain. The Administration, like those administering the Defense Production Act borrowing authority, may be back before the Congress pleading to have interest waived or cancelled and pleading to have losses forgiven. By that time, it will be too late for the Appropriations Committee or for any other congressional committee to review the programs and to see whether proper caution or discretion has been used. The provision of S. 1 which would require a one-time study and investigation of the program after two years would be a valuable supplement to, but not a substitute for, annual reviews made under normal appropriations processes.

A number of witnesses have testified that the programs to be set up under S. 1 would be essentially experimental. This is all the more reason why loan funds should be made available to the Administrator through annual appropriations which provide for compulsory yearly reviews of program results. Such reviews give an opportunity for better fiscal management by allowing some congressional control over administrative discretion in the timing as well as in the amount of expenditures. This would place the operations of area redevelopment on the same basis as our foreign aid programs as well as many other Federal activities.

DEPARTMENT OF COMMERCE

The area redevelopment program should be established as an integral part of the Department of Commerce. Administrative powers should be vested directly in the Secretary of Commerce.

The program should not be set up as what is essentially another independent agency, only vaguely associated with the Department of Commerce. Such a proposal is directly contrary to Reorganization Plan No. 5 of 1950, which transferred to the Secretary of Commerce all powers vested in any official within the Department. This transfer, along with a number of others related to different Departments, was in accordance with the recommendations of the Hoover Commission.

These improvements—placing the program squarely within the Department of Commerce and requiring annual appropriations for loans as well as for grants—would strengthen S. 1 considerably. Even so, S. 1 would still represent an incorrect and ineffective approach to the problem, and would be

adopted at the wrong time. The bill would still hold no real hope of economic redemption for our depressed areas.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPUBLICAN OPPOSITION TO FEDERAL AID TO EDUCATION

Mr. MOSS. Mr. President, in the Salt Lake Tribune of March 5 there appeared an article that was released to the press by Dr. Ernest L. Wilkinson, president of Brigham Young University.

In this release Dr. Wilkinson points out he served as a member of the Subcommittee on Education, Science, and Technology of the Republican National Convention, and then also points out that he has conducted a poll of the delegates who attended the Republican National Convention on whether or not those delegates favor and support Federal aid to education.

He states, as a result of his poll, that 96 percent of the delegates are opposed to Federal aid for teachers' salaries, with only 3 percent favoring it, and that 81 percent oppose Federal aid to education, with 18 percent favoring it.

He goes on to point out that he, Dr. Wilkinson, considers it as a mandate of the Republican Party to oppose Federal aid to education.

Under these circumstances, it seems to me very curious that we would have a delegate to that convention pointing out that the platform of the party which was adopted was opposed by 81 percent of the delegates, or at least the ones who responded to the poll.

I call attention to the fact that a Federal-aid-to-education bill has been introduced in this body by the Senator from Illinois [Mr. DIRKSEN], which is S. 483; that a Federal-aid-to-education bill has been introduced by the junior Senator from New Hampshire [Mr. COTTON], S. 293; and that the senior Senator from Kentucky has introduced a bill, in which he has been joined by the Senator from New York [Mr. JAVITS], the Senator from Vermont [Mr. AIKEN], the minority whip, the Senator from California [Mr. KUCHEL], the Senator from Hawaii [Mr. FONG] and the senior Senator from Wisconsin [Mr. WILEY], also proposing Federal aid to education.

This fact leaves me rather confused as to the position of the party and the delegates.

I ask unanimous consent that the article to which I have referred be printed in full in the RECORD for the benefit of my colleagues, to see if they can understand what is the point of Dr. Wilkinson's statement.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BYU PRESIDENT ATTACKS U.S. AID TO EDUCATION

A "mandate" for the defeat of Federal aid to education was offered Friday by Dr. Ernest L. Wilkinson, president of Brigham Young University, in a Hotel Utah press conference.

The educator-attorney presented results of a personal poll of the 1,331 delegates to last year's Republican national convention, which he said "indicates an overwhelming opposition within the party to Federal aid."

More than 63 percent of the delegates replied to Dr. Wilkinson's poll, he said.

"This response shows that only 3 percent favor and 96 percent are against Federal aid for teachers' salaries. Only 18 percent favor, and 81 percent oppose Federal aid for school construction.

Ballots were sent to the 1,331 delegates, of whom 840, or 63 percent, answered.

Of those answering, 147, or 18 percent, favored Federal aid for school construction, 683, or 81 percent, opposed it.

(Only 23 votes—3 percent of those answering—favored teacher salary help by the Federal Government. In opposition were 810, or 96 percent. One percent cast no ballot on each question.)

He called on "patriotic Americans of both parties in the Congress to defeat this new intrusion of the Federal Government into the last time-honored sanctuary of local and State government—education."

President Kennedy's special message to Congress, calling for a billion dollars a year for 5 years in Federal aid to the schools, Dr. Wilkinson termed "the most seductive legislative recommendation on education ever presented to the Congress."

"Offered with utter disregard of the financial integrity of our Federal Government," he said, "and without even a suggestion as to how the money will ever be raised, the White House scheme flagrantly attempts to marshal public support and purchase congressional votes by:

"1. Holding before each college administrator the additional bill of \$350 for each Federal scholarship student on the campus, even though schools have, up to the present, educated these students as a public service.

"2. Making funds available to all the States by completely ignoring the desegregation issue.

"3. Promising a continuation of State and local control even though every responsible legislative and administrative official knows that if Federal Government puts up the money, Federal control is not only proper, but ultimately inevitable."

He characterized the Republican national convention, which adopted a minority report favoring Federal aid to the schools as a "television spectacle," in which it was impossible, because of debate limitations, to present the majority report of the subcommittee on education, science, and technology.

"A majority of that subcommittee opposed the plank on Federal aid to education," he said.

"Because it was virtually impossible for the delegates at Chicago to vote fairly on the subject, he said, Members of Congress should give due consideration to the view expressed by the delegates in his personal poll.

"I am worried about our financial integrity," he said. "While our announced Federal debt is placed near \$200 billion, that is just the due amount. Include the accrued debt, and the figure jumps to \$750 billion, or a per capita debt in this country of \$4,100."

Dr. Wilkinson said that President Kennedy himself announced building need for the schools as 600,000 classrooms in the next 10 years.

THE CLOUDED CRYSTAL BALL— THE MISUSE OF ECONOMIC UNDERSTANDING

Mr. PROXMIRE. Mr. President, this week a number of the Government's most eminent economic experts appeared before the Joint Economic Committee: The Chairman of the Federal Reserve Board, William McChesney Martin; the Secretary of the Treasury, Douglas Dillon; the Chairman of the Council of Economic Advisers, Walter Heller; and his two colleagues on the Council, Kermit Gordon and James Tobin.

The hearings were extremely useful in providing the committee with information on the policies and programs which the responsible economic policymakers in our Government intend to follow, and ask this Congress to follow.

The Joint Economic Committee had an opportunity to be apprised of the state of our economy and to weigh the wisdom of the policies our economic decisionmakers intend to pursue.

Unfortunately, Mr. President, in the eyes of the press and the public a highly diversionary and very human game was played at the same time. It was the game of asking those policymakers—to predict what will happen in the next few months or years.

Mr. President, in my judgment nothing is more dangerous, although of course nothing is more human. The Greeks loved to consult the oracle at Delphi. The Romans looked into the future by examining the entrails of birds. The Medievalists had their *Nostadamus*. We have our *Farmer's Almanac*, our stock market, and racetrack dopesheets. The seers will always be with us. For the one who could achieve that never-never land by lifting the veil of the future only a little, an abundance of riches awaits. But the one who can convince others that he can do so can make a fairly good living out of it.

But the fact is, Mr. President, in the past it has not been given to us to foresee the future, and it is not now—not even in a field that should be so readily subject to determination as the elections, where public opinion sampling should have a far more accurate basis for predicting a vote than even the ablest economists have for calling the turn in this immensely complex economy of ours.

The fact is that economists do not know when or whether or how much the economy will turn, or even the direction. But because they are experts on the economy, they are going to be asked. And because they are human, they are going to answer. Half the time they will be right. If they hedge their replies very adroitly and handle their alibi skillfully, they can easily give the appearance of being right almost all the time.

But Mr. President, this is a dangerous game, because there is a tendency for congressional and administrative policymakers to base policy action, not on the certain and ascertainable facts of the present, but on what the clouded crystal ball shows will be the situation 6 months or a year or even 2 or 3 years from now.

This morning's Wall Street Journal brilliantly nails this weakness of eco-

omic forecasting, in its lead editorial. The Journal recalls that economists generally forecast many years of poverty for war-torn Europe after World War II; they also predicted a full-blown depression in America beginning shortly after that war. Of course they could hardly have been more wrong on both scores. As the Journal writes:

Whatever his errors in the past, the economist moves in an aura of certainty when he comes to speak of the future. With his imposing charts, and learned jargon, he seems to be the modern tribal medicine man, who can enthral Congressmen and Senators, Cabinet members and Presidents as he predicts the ups and downs of all manner of human activity. Hearing him, men often rush off in the direction he points. For prescription follows prediction. Despite all the caveats, disclaimers, modest shrugs, and diffident smiles, he has the answer. * * * Sometimes the economist is right; often he's wrong. At most, he is a useful technician, without whom this complex and infinitely varied world would run less smoothly.

Mr. President, I ask unanimous consent that the editorial from the Wall Street Journal be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE ASSUMPTION OF INFALLIBILITY

It's become commonplace to hear how poorly the postwar growth rate of the U.S. economy compares with the fast-paced growth of several other free nations, notably Japan and West Germany. But it's rarely noted that this overset boom took even the experts by surprise.

Indeed, Prof. Paul Samuelson, one of the country's most vocal economists, recently remarked that the swift postwar upsurge abroad was a phenomenon that no economist "could possibly have predicted."

Most economists, we suppose, would echo Mr. Samuelson's confession of the limits of human foresight. Certainly, caveats about the hazards of predicting human activity are commonly met in economic literature.

Yet equally common is the disregard of these warnings. However candidly Government economists and advisers may acknowledge their fallibility, they nonetheless usually proceed on the tacit assumption that, this time, they know whereof they speak.

Neither the inevitable errors of economic prognosis nor the human propensity to pay only lipservice to one's mistakes would be of great consequence if the economists were merely talking to themselves. But they obviously are not. In the past generation, the economist has left the academic cloister to take a seat of authority in public councils. When he prophesies, men listen and act.

For example, in the immediate postwar years recalled by Professor Samuelson, the United States acted upon the prevailing economic judgment that our war-torn friends and former enemies would be forced to endure at least a generation of poverty while they slowly rebuilt. On the strength of the prediction of a permanent world dollar shortage the United States undertook massive and prolonged foreign aid to prop up the poor and the weak. Yet these gloomy forecasts were exploded by the phenomenal recovery that no economist predicted; the dollar crisis and gold outflow of 1961 are reminders that the economists were wrong in 1945.

And not only wrong overseas, but wrong about this country as well. Looking into their crystal ball in 1945, the economists also warned the Nation to brace for a terrible

depression. Congress obediently passed the Full Employment Act, creating the President's Council of Economic Advisers as stewards of the Nation's economy and placing the country's prosperity squarely in the lap of the Government. But the depression turned out to be a boom. So, ironically, the economic advisers who now speak with such authority owe their eminence to the bad advice of their predecessors.

Whatever his errors in the past, the economist moves in an aura of certainty when he comes to speak of the future. With his imposing charts and learned jargon, he seems to be the modern tribal medicine man, who can enthral Congressmen and Senators, Cabinet members and Presidents as he predicts the ups and downs of all manner of human activity.

Hearing him, men often rush off in the direction he points. For prescription inevitably follows prediction. Despite all the caveats, disclaimers, modest shrugs, and diffident smiles, he has the answer. Is the economy sluggish? This plan will pep it up. Is unemployment high? Here are steps toward full employment. Is the rate of growth unsatisfactory? Adopt these measures and the economy will grow at precisely 5 percent a year.

Sometimes, the economist is right; often, he's wrong. At most, he is a useful technician, without whom this complex and infinitely varied world would run less smoothly. Yet he is, by his own estimate, only human, and probably subscribes, at least privately, to the precept of Harvard's John Kenneth Galbraith: "One of the greatest pieces of economic wisdom is to know what you do not know."

That being so, perhaps we ought to take the economist at his word when he confesses his fallibility. And not go dashing off at his suggestion, behaving as though he were infallible.

INCOME-TAX EXEMPTIONS FOR STUDENTS

Mr. DODD. Mr. President, the Waterbury-American, one of our fine Connecticut newspapers, recently published an editorial concerning a bill which I have introduced in the last two sessions of the Congress, to provide an additional income-tax exemption of \$1,200 for dependents who are students at colleges or universities and for those students who are themselves taxpayers and who are working their way through college.

I am greatly pleased to have the support of the Waterbury-American for this proposal. I believe that this form of aid to education will take care of first things first by making it a little easier for those who are shouldering the cost of higher education to continue to do so.

I ask unanimous consent to have the Waterbury-American editorial of March 4, entitled "Another Attempt," printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ANOTHER ATTEMPT

Two years ago, Senator THOMAS J. DODD, Democrat of Connecticut, introduced legislation in the Senate to provide an additional income tax exemption of \$1,200 for dependents who are students at colleges or universities. It also provided the same exemption for taxpayers who are themselves students in higher institutions of learning.

Unfortunately the bill, although it had considerable public support, failed to make its way through Congress. The Senator has now reintroduced the measure in the 87th

Congress. We hope it fares better this time. There is no question that the years when their children are away at college are times of extremely heavy financial burden to a vast majority of American families. Increasing costs of tuition, books, room and board, transportation and a great many other items associated with advanced education are making it constantly more difficult for many families to provide a college education, particularly when there is more than one child to be educated.

In a typical small, privately endowed New England college, for example, it was possible 25 years ago to keep a student in school at an average cost of slightly less than \$1,000 a year. Today the cost of keeping a student in that same institution for a year runs to about \$2,400. Whether the quality of the education is any better now than it was 25 years ago is perhaps debatable, but there is no denying the increased cost which, in the light of present economic trends, is perhaps justifiable.

Parents who make a heavy financial sacrifice to educate their offspring are not merely serving their own ends or those of their children. They are making a substantial contribution to the future of the Nation as well.

The tax exemptions provided in the Dodd bill will lessen the financial burden to a considerable degree, both for parents and for those who are working their way through college. If Congress is truly concerned about aid to education, this tax relief measure should have high priority. We trust it will not be lost this trip, as it was 2 years ago.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. DODD. Mr. President, today there are more than 100 areas of chronic unemployment in this country. The larger part of almost 6 million unemployed Americans live in these 100 areas. Some of these depressed communities are in Connecticut, including Ansonia, Bristol, and Danielson. For many of these people, joblessness does not stem from the present recession. It has gone on for years. Thus, we have a problem that is national in scope, that has defied the solutions of local and State governments, that has not responded to the cures which are held to be inherent in the natural workings of the free enterprise system. And we come to the question: Are these areas, and the people in them, to be permanent casualties of irreversible change; or does the Federal Government propose to do what it can to reverse this change?

One answer to chronic unemployment is the area redevelopment bill. It is offered not as a total answer, but as one step. This program would act as a catalyst to stimulate other forces which must be brought to bear, but which are not being brought to bear because of certain removable obstacles.

Many depressed areas have conditions that are potentially attractive to new industry. They have unused factory buildings, cheap real estate, an available reservoir of low-cost labor, and a community sentiment which is anxious to cooperate in every way. But they have deficiencies which often dissuade new

industries from moving in. The area redevelopment bill seeks to remedy these deficiencies.

If a depressed community lacks adequate industrial facilities such as water or power or sewerage disposal, this bill will help to furnish them. If the unemployed workers of the community lack the skills to do the job that new industry requires, this bill will help to train them. If the community, blighted by years of poverty, is unable to offer other incentives to a prospective industry, such as capital for plants or machinery, this bill will help to provide those incentives.

And the Federal Government is only one factor in these activities. The program requires the participation of private industry and of local and State governments. Thus, it is not a substitute for local action, but it seeks to bring local action into being and to stimulate its creative forces.

Many theorists of the conservative school believe, on the ground of political principle, that the Federal Government should not interfere in this problem, which they feel is a matter for local government, private business, and the individual decisions of those involved. Many businessmen and economists contend, on the level of practical application, that there are a dozen plausible reasons why depressed areas legislation will never work.

Their arguments have a certain appeal. I agree that the American system of private enterprise has built the greatest of all economic systems; that while Government activities can transfer wealth, they are not always likely to create wealth; that we must depend upon private business to provide most of the 10 million new jobs we will need in the next few years; that changes in the tax laws to encourage risk capital and the purchase of new machinery will probably do more to stimulate our economy than pump-priming Government programs.

I agree with the conservatives in rejecting the philosophy that the answer to every problem facing the Nation is a new Federal program. I am suspicious of the theory that we add to purchasing power by taking money from one man and giving it to another. And I would not willingly take a tax dollar out of any man's pocket to pay for a Federal program unless I felt that a vital national interest required that program.

It is interesting to explore the practical implications of the theory that every man ought to carve out his own life independently by his own deeds, freed as far as possible from Government restraint which hobbles private action and from Government aid which hinders private incentive. It is pleasant to dwell upon the fact that there are more people gainfully employed in the United States than ever before in history, and that the unemployed are only a small, unrepresentative fragment of our population. It is stimulating to reflect that in the days of old, those in depressed areas solved their own problems by migrating thousands of miles to the West and starting anew. It is diverting to take up the case of some

particular community which has pulled itself up by its own bootstraps and to ask why all depressed communities cannot do the same. And it is impressive to contemplate the lists of potential obstacles which stand in the way of any Federal program which seeks to solve problems that may be insoluble.

Yet when we are through tarrying with these doctrines, the problem of almost six million unemployed Americans still remains, concrete not theoretical, and crying aloud for solution. When I put aside the books and treatises of those who impressively oppose Federal action in almost any field, I am still confronted with the letters, the conversations, the personal recollections of thousands of people in my own State and in others, people who are out of work, who are facing personal disaster, whose problems cannot be answered by arguments against Federal action.

The remembrance of the wife of an unemployed worker who is daily going from door to door selling dime-store trinkets to keep her family together, or the father who is preparing to leave his home so his children can get public assistance, or the children who are growing up in America in dire poverty and subsisting on meager handouts of surplus food—these images cut through the rhetoric of inaction and bring home more vividly than statistics or theories the fact that these people need help, and if we are to keep faith with them we must act.

One can agree that private enterprise has erected the greatest of all economic systems and still feel that there are serious deficiencies in that system which require some Government action.

One can reject the notion that every problem facing us must be solved by Federal action and yet support some Federal action.

One can share the sentiment that men are responsible for their own well-being; but when men are felled by circumstances plainly beyond their control, are they not entitled to look beyond their own resources for help? And who should provide that help if not their Government?

One can applaud the pioneer spirit, but to what new frontier can millions of unemployed workers migrate? In the absence of a physical frontier, we must create one by our ingenuity and our co-operative action.

One can admit that there are formidable obstacles for the depressed-areas bill to overcome. But all else having failed, must we surrender this final hope because it too may fail?

One can rejoice in the fact that 94 out of every 100 employable Americans has a job but may I quote the familiar words from St. Luke:

What man of you, having an hundred sheep, if he lose one of them, doth not leave the ninety and nine in the wilderness, and go after that which is lost, until he find it?

The conservative philosophy in this instance, with all its good points, with all its valid lessons, breaks down because it offers no solution to the pressing, concrete problems being faced by our friends and neighbors. Its answer to

the chronically unemployed is that the natural workings of the free enterprise system which got them into their present condition will get them out of it if they do their part. People will not accept this answer, and I cannot accept it either.

I see millions of people living in hopeless circumstances. I believe that natural forces, private efforts and community action have had a chance and have proven unequal to this particular task. The choice, then, is whether the Federal Government, the only agency capable of bringing new resources to bear, should do what it can, realizing that it may fail, or whether it should stand idly by and watch the condition grow ever more desperate.

I am on the side of those who favor Federal action in the form of depressed areas legislation. We are trying to save people, to save families, to save communities, and we feel there is a justice, a rightness, a soundness in this that overrides narrow theories or narrow interests and justifies our taking risks in an untried field.

We must offer real action for real problems, and not plausible excuses for inaction. Free government cannot succeed, and cannot retain the allegiance of people, unless it tries to answer their urgent needs, and no need is more fundamental than the need of a job.

The area redevelopment bill is one concrete answer. It is something new in the relationship of our Government to our people. It is a solid testimony of our determination to improve upon our system until we satisfy the ancient goal of full employment for all who wish to work. We embark upon it hopefully and confidently in the spirit of Franklin Roosevelt who once told us:

Let no man say it cannot be done. It must be done and we have undertaken to do it.

Mr. President, I believe the Senate is ready to pass this bill. I also believe the other body is ready to pass it. I believe the people of our country are ready for it to be passed.

Our distinguished colleague, the Senator from Illinois [Mr. DOUGLAS], is the one man, in my judgment, who has most of all made us ready for this great undertaking. I am happy to join him in sponsoring, and in furthering this proposal. It is always inspiring to work at the side of this great man, this noble Senator, truly said. Today I feel we are witnessing one of his greatest achievements. I salute him for his work. I hope that we shall be quick about our action, and shall make this a law, at least so far as action in this body can do so.

Mr. DOUGLAS. Mr. President, I thank my colleague from Connecticut for his very kind, although undeserved, remarks, and wish to say I deeply appreciate what he has said. The Senator from Connecticut has been a most valuable coworker in this whole field, and it is tremendously reassuring to have him with us on this as on so many other bills.

Mr. DODD. I thank the Senator.

Mr. DOUGLAS. Mr. President, the

Census Bureau announced yesterday that, according to its estimates, there were approximately 5,700,000 unemployed in the country. On the basis of a crude estimate of the percentage of the working force, this would be well over 7½ percent, and since there is generally a seasonal increase during the winter months, the Census Bureau and the Department of Labor estimate that, corrected for seasonal factors, the percentage of unemployment is approximately 6.8 percent.

There is some question as to whether the seasonal correction which is carried out is statistically accurate in all respects. There are some who think it exaggerates the winter increase in unemployment and that another method, somewhat superior, will give a slightly different figure. But we shall not go into that question, except merely to emphasize what I think the public is beginning to recognize, namely, that unemployment is high in the country. I believe also the prevailing public opinion is that the Federal Government should do something about the problem—not that it can provide the sole solution, as my friend from Connecticut [Mr. DODD] has warned against but that the Federal Government cannot stand apart and allow millions of workers and their families to be progressively pushed down to lower and lower levels of poverty and suffering.

THE DIFFERING TYPES OF UNEMPLOYMENT

I think it is important to realize that the problem of restoring jobs to the 5,700,000 unemployed is not one problem, but rather a series of problems, each one of which requires different treatment.

There is, first, the problem of the recession itself. At the point of highest employment last year or, rather, when unemployment was lowest, we had roughly 5 percent unemployed. The increase in unemployment since then has been caused by the deterioration in business conditions and can be attributable to that factor.

But there is also a second factor, namely, that during the preceding years we had an inadequate rate of economic growth, with the result that from one period of prosperity to another there was an actual increase in the percentage of unemployment. After the post-war recession in 1951 and 1952, at the peak of prosperity, there was unemployment of only 3 percent. After the recession of late 1953–1954 when we moved into the so-called prosperity phase of 1955–1956, there was 4 percent unemployment; and when we came out of the recession period of late 1957–1958 into 1959 and 1960 we had roughly 5 percent unemployment.

In other words, each peak of prosperity was accompanied by a higher level of unemployment, so that each recession began from a higher initial unemployment figure. This was undoubtedly caused by the relatively low rate of economic growth during this period, averaging only about 2½ percent a year, as compared with the long-time historic average of this country of 3½ percent a year, and as compared with the rate

of growth in Western Europe of about twice our rate—from 4½ to 5 percent a year—this rate prevailing in the countries of West Germany, the Scandinavian nations, Belgium, France and northern Italy.

So even when we emerge from this recession—and I hope that we shall do so quickly and we will do our best to bring it about—we will be faced with the problem as to whether we can generate an adequate rate of economic growth, not only to absorb the new labor force that is coming upon the market at the rate of 1½ million a year, not only to absorb the increase in productivity per man-hour that will occur, but also to try to reduce unemployment to below the 5 percent rate which existed at the beginning of the present recession. This is the second problem. S. 1 deals primarily with structural unemployment.

The bill which we are now considering, S. 1, the area redevelopment bill, addresses itself primarily to a third problem, namely, the fact that even if we have comparatively full employment in the rest of the Nation, even if we get a moderately adequate rate of economic growth, there will still in all probability be areas which have had high and persistent unemployment over a long period of time—even when workers in the rest of the Nation were comparatively fully employed.

The technical writers on economic subjects sometimes refer to this type of unemployment as structural unemployment, and in a sense, that term is accurate. It deals with areas which have been left behind through one cause or another as economic conditions improve and which have large numbers of workers who cannot find employment.

A year and a half ago there were approximately 50 major and minor labor market areas in this country which were characterized by high and persistent unemployment of the type which is defined in the bill, during a period when we were presumably in the prosperity phase of the business cycle.

Today we know that there are 20 major areas and 83 minor areas where there is substantial and persistent unemployment of the nature which has been described. This is indicated on the first map in the rear of the Chamber, the areas in red showing, roughly, the boundaries of the areas, and identifying labels indicating the chief industrial towns in each area.

These 103 areas have a total population of over 16 million, with a labor force of approximately 6½ million, and with total unemployment of almost 650,000, or an average unemployment rate for the regions of 10 percent. But this, I wish to point out, is only an average rate. If we look at subdivisions of these areas, we find much higher rates.

Mr. President, I ask unanimous consent that the statistics for these 103 areas of chronic and persistent unemployment be inserted in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Labor force, employment, and unemployment areas classified substantial and persistent labor surplus¹ as of January 1961

State and area	Labor force	Employ- ment	Unemploy- ment		Date of data	State and area	Labor force	Employ- ment	Unemploy- ment		Date of data
			Total	Rate					Total	Rate	
MAJOR AREAS ²						SMALLER AREAS—continued					
(Data are for November 1960; complete information for January 1961 scheduled to be available next week)						Minnesota:					
Indiana: Evansville.....	77,000	72,000	5,000	6.5	November 1960.	Brainerd-Grand Rapids.....	31,000	26,700	4,300	13.9	January 1961.
Massachusetts:						Hibbing-Virginia.....	51,200	45,200	6,000	11.4	Do.
Fall River.....	57,350	52,450	4,900	8.5	Do.	Missouri:					
Lowell.....	49,410	45,830	3,580	7.2	Do.	Flat River.....	25,130	22,050	3,080	12.3	December 1960.
New Bedford.....	62,550	57,040	5,510	8.8	Do.	Washington.....	18,490	15,670	2,820	15.3	October 1960.
Michigan:						Montana:					
Detroit.....	1,390,900	1,288,900	102,000	7.3	Do.	Butte.....	15,350	13,500	1,850	12.1	December 1960.
Flint.....	139,000	135,700	3,300	2.4	Do.	Kalispell.....	15,840	13,785	2,055	13.0	Do.
New Jersey: Atlantic City.....	61,400	54,500	6,900	11.2	Do.	New Jersey:					
Pennsylvania:						Bridgeton.....	47,400	44,700	2,700	5.7	October 1960.
Altoona.....	53,000	46,500	6,500	12.3	Do.	Long Branch.....	134,000	118,000	16,000	11.9	January 1961.
Erie.....	95,300	86,300	9,000	9.4	Do.	Ocean City-Wildwood-Cape May.....	17,500	15,500	2,000	11.4	October 1960.
Johnstown.....	94,600	80,100	14,500	15.3	Do.	New York:					
Pittsburgh.....	943,100	834,300	108,800	11.5	Do.	Amsterdam.....	22,900	19,600	3,300	14.1	December 1960.
Scranton.....	95,800	84,500	11,300	11.8	Do.	Auburn.....	25,400	23,100	2,300	9.1	October 1960.
Wilkes-Barre-Hazleton.....	132,300	114,800	17,500	13.2	Do.	Gloversville.....	23,200	19,650	3,550	15.3	May 1960.
Puerto Rico:						Jamestown-Dunkirk.....	63,600	59,900	3,700	5.8	September 1960.
Mayaguez.....	32,100	28,500	3,600	12.6	Do.	Ogdensburg-Massena-Malone.....	49,300	42,300	7,000	14.2	December 1960.
Ponce.....	39,600	35,400	4,200	10.6	Do.	Plattsburgh.....	21,350	19,550	1,800	8.4	August 1960.
San Juan.....	195,100	184,000	11,100	7.0	Do.	North Carolina: Fayetteville.....	32,455	30,445	2,010	6.2	September 1960.
Rhode Island: Providence-Pawtucket.....	333,500	308,600	24,900	7.5	Do.	Ohio:					
West Virginia:						Athens-Logan-Nelsonville.....	25,500	22,900	2,600	10.2	December 1960.
Charleston.....	94,350	87,050	7,300	7.7	Do.	Batavia-Georgetown-West Union.....	28,000	22,600	5,400	19.3	Do.
Huntington-Ashland.....	91,300	79,650	11,650	12.8	Do.	Cambridge.....	17,500	15,000	2,500	14.3	November 1960.
Wheeling.....	77,200	66,200	11,000	14.2	Do.	Portsmouth-Chillicothe.....	64,100	58,300	5,800	9.0	Do.
Subtotal (20 major areas).....	4,114,800	3,742,300	372,500	9.1		Oklahoma:					
SMALLER AREAS ³						McAlester.....	11,300	9,750	1,550	13.7	January 1961.
(Latest data, available under semiannual reporting program)						Muskogee.....	22,175	20,475	1,700	7.7	August 1960.
Alabama:						Pennsylvania:					
Florence-Sheffield.....	43,310	40,180	3,130	7.2	December 1960.	Berwick-Bloomsburg.....	22,150	20,250	1,900	8.6	October 1960.
Gadsden.....	31,090	25,775	5,315	17.1	January 1961.	Butler.....	34,550	31,450	3,100	9.0	September 1960.
Jasper.....	17,150	15,500	1,650	9.6	October 1960.	Clearfield-Du Bois.....	35,200	30,900	4,300	12.2	Do.
Alaska: Anchorage.....	21,130	20,680	450	2.1	August 1960.	Indiana:					
Connecticut:						Kittanning-Ford City.....	21,900	19,800	2,100	9.6	July 1960.
Ansonia.....	14,590	13,090	1,500	10.3	December 1960.	Lewistown.....	21,800	18,800	3,000	13.8	August 1960.
Bristol.....	20,360	17,460	2,900	14.1	Do.	Meadville.....	22,300	20,100	2,200	9.9	November 1960.
Danielson.....	16,900	15,500	1,400	8.3	October 1960.	New Castle.....	23,200	21,100	2,100	9.1	October 1960.
Illinois:						Pottsville.....	36,650	32,250	4,400	12.0	September 1960.
Centralia.....	24,300	21,900	2,400	9.9	November 1960.	St. Marys.....	76,100	62,200	13,900	18.3	November 1960.
Harrisburg.....	22,550	20,450	2,100	9.3	September 1960.	Sayre-Athens-Towanda.....	17,400	15,400	2,000	11.5	August 1960.
Herrin-Murphysboro-West Frankfort.....	68,300	58,500	9,800	14.3	August 1960.	Sunbury-Shamokin-Mount Carmel.....	20,100	18,800	1,300	6.5	September 1960.
Mount Vernon.....	24,600	22,550	2,050	8.2	October 1960.	Tennessee: La Follette-Jellico-Tazewell.....	63,500	57,900	5,600	8.8	Do.
Kansas: Pittsburg.....	21,025	19,725	1,300	6.2	September 1960.	Uniontown-Connellsville.....	47,000	34,000	13,000	27.9	January 1961.
Kentucky:						Texas: Laredo.....	16,175	14,075	2,100	13.0	October 1960.
Corbin.....	26,050	23,550	2,500	9.5	Do.	Virginia: Big Stone Gap-Appalachia.....	23,265	21,065	2,200	9.5	September 1960.
Hazard.....	20,100	17,450	2,650	13.2	Do.	Washington:					
Hopkinsville.....	28,500	26,550	1,950	6.8	October 1960.	Aberdeen.....	28,790	26,640	2,150	7.5	August 1960.
Madisonville.....	25,000	22,900	2,100	8.4	September 1960.	Anacortes.....	22,150	20,790	1,360	6.1	Do.
Middlesboro-Harlan.....	24,700	21,550	3,150	12.7	Do.	Port Angeles.....	14,550	13,540	1,010	7.0	Do.
Morehead-Grayson.....	19,800	17,100	2,700	13.7	Do.	West Virginia:					
Paducah.....	44,750	41,200	3,550	7.9	November 1960.	Beckley.....	21,540	16,590	4,950	23.0	Do.
Paintsville-Prestonsburg.....	23,300	21,050	2,250	9.7	September 1960.	Bluefield.....	20,960	16,810	4,150	19.8	December 1960.
Pikesville-Williamson.....	24,150	18,600	5,550	23.0	October 1960.	Clarksburg.....	28,520	26,070	2,450	8.6	October 1960.
Maine: Biddeford-Sanford.....	26,400	24,800	1,600	6.1	August 1960.	Fairmont.....	22,780	20,080	2,700	11.9	Do.
Maryland:						Logan.....	20,610	17,060	3,550	17.2	August 1960.
Cambridge.....	11,600	10,025	1,575	13.6	December 1960.	Morgantown.....	18,390	16,140	2,250	12.2	October 1960.
Cumberland.....	40,075	36,475	3,600	9.0	August 1960.	New Martinsville.....	15,800	14,650	1,150	7.3	Do.
Hagerstown.....	37,050	33,125	3,925	10.6	October 1960.	Oak Hill-Montgomery.....	15,030	11,280	3,750	24.9	December 1960.
Massachusetts: North Adams.....	16,640	15,010	1,630	9.8	August 1960.	Point Pleasant-Gallipolis.....	35,130	31,480	3,650	10.4	August 1960.
Michigan:						Ronceverte-White Sulphur Springs.....	17,570	15,720	1,850	10.5	Do.
Adrian.....	27,600	24,900	2,700	9.8	September 1960.	Welch.....	18,490	13,140	5,350	28.9	December 1960.
Bay City.....	35,100	31,100	4,000	11.4	December 1960.	Subtotal (83 smaller areas).....	2,393,500	2,117,600	275,900	11.6	
Marquette.....	16,800	15,000	1,800	10.7	Do.	Total (103 areas).....	6,508,300	5,859,900	648,400	10.0	
Monroe.....	23,100	21,300	1,800	7.8	September 1960.						
Port Huron.....	33,300	30,400	2,900	8.7	December 1960.						

¹ Criteria for designating such areas are identical with those in the Douglas area redevelopment bill (S. 1).

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 150 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available bimonthly.

³ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus." Data for such areas are generally available semiannually. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

NOTE.—Detail may not add to totals due to rounding.

Source: State employment security agencies.

For instance, Johnstown, Pa., has an unemployment rate, according to the most recent figures, of 15.3 percent, or almost 2½ times the present national average.

The Wilkes-Barre-Hazleton area has an unemployment rate of 13.2 percent, or twice the national average.

In my own State of Illinois, the Herrin-Murphysboro-West Frankfort area has an unemployment rate of 14.3 percent. That was as of last August. Since then conditions have grown worse.

In Kentucky, in the Pikesville-Williamson area, the rate of unemployment is 23 percent, or almost four times the national average.

In Maryland, in the Cambridge area, the unemployment rate is 13.6 percent.

In Michigan, Bay City has an unemployment rate of 11.4 percent.

Marquette, in the Upper Peninsula, has an unemployment rate of 10.7 percent.

In Missouri, the Washington area has an unemployment rate of 15.3 percent.

In Montana, Butte has an unemployment rate of 12.1 percent, and Kalispell has an unemployment rate of 13 percent.

The unemployment rate is 15 percent in Gloversville, N.Y., and 14.2 percent in the Ogdensburg-Massena-Malone area.

The unemployment rate is 13.8 percent in the Kittanning-Ford City area of Pennsylvania, and 18.3 percent in the Pottsville, Pa., area. It is 27.9 percent in the Uniontown-Connellsville area of Pennsylvania.

In Tennessee, in the La Follette-Jellico-Tasewell area, the unemployment rate is 13 percent.

The vote is 23 percent in the Beckley, W. Va., area, and in the Bluefield area it is 19.8 percent.

In the Oak Hill-Montgomery area in West Virginia the unemployment rate is 24.9 percent. In the Welch area it is 28.9 percent, almost one out of three workers is unemployed in this area.

West Virginia has been one of the States which has been most severely hit. I wish to commend the two Senators from West Virginia [Mr. RANDOLPH and Mr. BYRD] for the interest which they have taken in this matter.

What are the main causes for high and persistent unemployment in these areas?

Some of these areas have been hit with great severity. What are the reasons? Why do we have this concentration of unemployment in certain areas?

There are a number of reasons. One reason is exemplified by the experiences of the coal industry. There has been some decrease in the total demand for coal, caused by the substitution of gas and oil. Actually less coal was mined last year than in 1937, despite the fact that the economy as a whole has gone forward and the fuel needs have therefore been greater.

I should like to give the figures in that regard. In 1937, 446 million tons of coal were produced. In 1959 only 412 million tons. That was a decrease of about 8 percent. Nevertheless in those 22 years the production in the country as a whole has increased enormously

and more fuel was needed. Gas and oil were substituted for coal.

At the same time that this was occurring, the coal mines were being mechanized, both with respect to coal cutting by us of huge claws which reach in and substitute for blasting at the working face, and in moving conveyors, which take the place of coal cars, mules, and horses underground to take the coal up to the mine mouth.

Therefore, the average output per miner per man-day went up enormously. I remember in the 1920's looking over figures, and as I remember it the average output per man-day was then around 3½ tons. The average output per man-day now is well over 12 tons. We have mechanized mines in the State of Illinois where the output per man-day is more than 25 tons.

As a result, the number of men who work in the mines has decreased. In 1937 the total came to approximately 492,000 or a half million. In 1959 the total was just a little under 180,000 or only about 35 percent of the number who had been employed 22 years before.

In my own State of Illinois we used to have 90,000 miners. We now have somewhat fewer than 9,000. I was in West Virginia not very long ago, and I was told that the number of miners had decreased from 140,000 to 35,000. My good friend the Senator from West Virginia [Mr. BYRD] can undoubtedly supply more accurate figures.

Mr. BYRD of West Virginia. The decrease in the last 12 years has been from 125,000 to approximately 48,000.

Figures are a little difficult to specify, because the United Mine Workers at this time give a figure of about 38,000 miners who are employed. The United Mine Workers, of course, are referring to the miners who are union members. The Coal Association figures show 48,000 to 50,000.

Mr. DOUGLAS. As a result there are some coal mines and fields which have been completely closed down. When some mines close down people are completely unemployed in a locality. In other cases one-half or two-thirds of the men are out of work.

This is what has happened to coal mining.

Then there are areas where the natural resources have either been largely exhausted or so depleted that their further production would be at such high cost as to be financially impracticable.

One such area consists of what used to be the great timber region of the United States in northern Michigan, northern Wisconsin, and northern Minnesota. When the legendary Paul Bunyan moved from the East westward, he was supposed to have stopped over in these States. During the latter part of the 19th century this was one of the great timber areas. The timber there has now been largely cut off. There is very little lumbering now being done in those areas.

Another example is the copper-mining regions of northern Michigan around Houghton, and the great Mesabi Range north of Duluth.

Big copper mines were started after the Civil War in northern Michigan, under the ownership and direction of the Calumet-Hecla Mining Co. Today most of the available copper has been mined. What remains is so inaccessible and so deep that it is impracticable, except in wartime, to attempt to mine the copper.

I observe in the chair the distinguished junior Senator from Montana [Mr. METCALF]. Montana was the next State to which the copper industry moved. I shall be very interested if, sometime during the debate, the junior Senator from Montana or his distinguished colleague [Mr. MANSFIELD] will give testimony as to what has been happening to copper in Montana.

For decades, the American supply of iron has been furnished from the rich iron ore deposits north of Duluth, in the Mesabi Range. Those deposits have been mined by the open-pit method, and the iron ore put in ore boats and taken down the Great Lakes to the steel mills of Gary, Chicago, and the other great cities along the Great Lakes, or taken, by one means or another, to Pittsburgh and Youngstown. These mines are being exhausted, and their exploitation is at relatively high cost.

As a result, in the Hibbing area unemployment is serious. In January, 1961, it was 11.4 percent. In the Brainerd-Grand Rapids, Minn., area, the rate is 13.9 percent.

There are other regions in the country—I have merely mentioned a few—where the exhaustion of natural resources has left a stranded population behind.

Then there are the areas from which industry has moved and has transferred to other localities where costs, for one reason or another, are lower. The textile industry is the most lurid example of this type. In my boyhood, the manufacture of wool and cotton was concentrated in the New England States; the manufacture of silk, in New Jersey and Pennsylvania, although some was manufactured in New England. Beginning approximately 40 years ago, these mills began to be closed down, and many of the same companies started production in the South.

There were a number of reasons for this movement of industry. In the case of cotton, closeness to the raw material played a key role. Other reasons were the lower wage scale and, at that time, the fact that the Southern States did not have adequate child labor laws. During the 1920's the millhands worked a longer workweek at a lower hourly rate in the South and hence Southern mills had advantages in lower unit labor costs of production.

This situation has been partially remedied by the Fair Labor Standards Act of 1938, which created national standards below which the working conditions in no individual State could fall. The Fair Labor Standards Act was, to my mind, a very desirable measure. I hope we may improve it with the passage of time.

I think it should be chronicled that the two men who led the fight for the Fair Labor Standards Act of 1938 were

Southerners, namely, our esteemed present colleague, LISTER HILL, of Alabama, and the distinguished former Senator from Florida, Claude Pepper, who represented his State for some 14 years in the Senate, and who was here when I first came to the Senate 12 years ago. The victory of Claude Pepper and LISTER HILL in the Florida and Alabama primaries of 1938 gave the impetus to the passage of the Fair Labor Standards Act. Those two men deserve great credit for carrying the banner in what was presumed to be hostile territory. I am very happy to pay tribute to them for their leadership in this matter.

However, it is also true that the mills in the North were old fashioned and not as well arranged as modern plant design requires. As one who knew the textile towns of New England quite well, I had always thought a three-story building was necessary for the manufacture of textiles. I have seen textile mills in the New England States with as many as four or five stories. This turned out to be an uneconomical way to process cotton or wool. In the South, where land costs were lower, it became possible to build one-story mills and to have a much more efficient layout. As a result, the mills in the new territory could start without the mistakes of the former area and have lower costs, as well.

Thus, New England has suffered greatly from the loss of woolen and cotton manufacturing. Fall River, Lowell, and New Bedford have, year after year, been in the category of labor market areas with high and substantial unemployment. Lawrence has been in that category upon many occasions, as well.

The decline in the textile industry has also hurt Pennsylvania because in Pennsylvania there was a sort of combination of textiles and mining. The women could work in the textile mills, while the men worked in the mines. The movement of the textile industry to the South has created unemployment in Pennsylvania.

Then there are great technological changes, to which I partially referred when I discussed coal mining. Consider, for example, the substitution of diesel engines for steam engines on the railroads. This has created great unemployment in regions which used to manufacture railroad locomotives and in such areas as Altoona, Pa., where the engines used to be repaired. Altoona, for example, has now a 12.3 percent unemployment rate and, year after year, has been an area of substantial and persistent unemployment.

What can the unemployed in these depressed areas do? What can the people in those areas do when their jobs collapse and the industries upon which they depend either close down or employ only a small fraction of those who were formerly employed? I know there are some who say, "Let them go elsewhere. Let them move out. Let them get another job somewhere else. If they do not move, that is an indication that they do not want to work. If they stay, do not do anything for them. Put the pressure on them, so that by slow starvation they will be compelled to go elsewhere."

A leading newspaper in the Middle West gave some advice to the people in southern Illinois. Its editorial stated, in substance, that all that the people in southern Illinois needed was a whole series of one-way railway tickets, so they would get out of the region, and never to return.

My good friend, the Senator from West Virginia, probably has heard that advice given to the people in the coal-mining regions in his State.

Mr. BYRD of West Virginia. In that connection, Mr. President, I should like to say that 145,000 people have left West Virginia. Many more than that number did leave, but some have returned. But we are still suffering from the absence of legislation such as this measure, to keep others from leaving.

Mr. DOUGLAS. I appreciate the Senator's statement.

I may say that in the 25th Congressional District in Illinois, which includes most of the coal-mining area, in the last 10 years the population has decreased by 40,000; but there still is very high unemployment there.

Now let us examine this contention: Young people can move; and, in general, they do move. But consider the situation of a man who is in his forties or fifties, has grown up in a community, has had a job there, owns a home there, has a family which is dependent upon him, belongs to a church and to fraternal organizations in that community, and has his emotional roots deep within that community.

Mr. BYRD of West Virginia. And also is out of money.

Mr. DOUGLAS. Yes.

Mr. BYRD of West Virginia. And has nothing with which to purchase a transportation ticket or to pay for board or room while he is away, seeking a job.

Mr. DOUGLAS. Yes.

Mr. BYRD of West Virginia. And has no shoes to wear while he is away, in another city, seeking a job.

Mr. DOUGLAS. That is correct; and, in many cases, if he fails to get work, since he cannot satisfy the one-year residence requirement neither he nor his children will be able to receive any public help.

The truth of the matter is that people cannot move about with the same impersonality with which it is possible to send a carload of hogs or a carload of steel to another region. Human beings who become deeply attached to their localities become less adaptable as they grow older; and if it is at all possible, they wish to remain where they were born, grew up and lived. Even Adam Smith, the founder of the laissez faire school of economics, said in his book "The Wealth of Nations":

Man, of all baggage, is the most difficult to be transported.

Adam Smith based his philosophy upon depending upon blind economic forces to adjust economic affairs for the best. Incidentally, he was not as much of a laissez faire advocate as many of the modern advocates of laissez faire say he was, and frequently they quote him incorrectly on that subject.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Illinois yield to the Senator from Rhode Island?

Mr. DOUGLAS. I yield.

Mr. PASTORE. In connection with what the Senator from Illinois has said, I wish to observe that he will recall that 2 years ago a special subcommittee of the Committee on Interstate and Foreign Commerce made a very thorough and exhaustive study of the decline of the textile industry in the Nation. I recall quite vividly a visit to one of the Northern States in which a considerable segment of the textile industry was located. One of the mills there had closed.

The Senator from Illinois has stated that it is quite difficult to imagine that people will tear up their roots and that a whole family will move from one section of the country to another. Certainly that is easier said than done, because people have very, very intimate relationships with the localities where they have been reared. Here they have lived and have worked and have prayed; and it is not easy for them to move from one part of the country to another.

But what happens as a necessary result, especially when people become 50 or 55 years of age? They find it hard to find a new job, and they end up by having to take a job at inferior wages. That is the plight of a great many persons in many parts of the country. They do not end up by moving to another section of the country; instead, they end up by taking a more menial job, at lower wages; and that is true of many of the people who live in depressed areas.

Mr. DOUGLAS. And some do not get any jobs at all, but, instead, live on hope, on relatives, or on relief. Is not that true?

THE PROBLEMS OF RHODE ISLAND

Mr. PASTORE. That is correct.

If the Senator from Illinois will permit, I should like to address myself to a study made by our Rhode Island Development Council, under the auspices of the Governor, and at his request. The study was made by the Research Division of the Rhode Island Development Council. I have already spoken informally to the Senator from Illinois about this matter. The study comments on the bill which has been reported by our distinguished chairman, who at the present time is managing the bill on the floor. I should like to ask a question of the Senator from Illinois; but, first, I should like to read briefly from the study, as a predicate for my question.

Mr. DOUGLAS. Certainly.

Mr. PASTORE. From the study, I read the following:

ELIGIBILITY OF RHODE ISLAND FOR FEDERAL ASSISTANCE UNDER PROPOSED AREA REDEVELOPMENT BILLS

This discussion concerns primarily the Douglas bill, S. 1, which apparently has administration support, and is the most liberal of the three area redevelopment bills thus far introduced in the U.S. Senate. The other two, while differing in a number of particulars, are almost identical in respect to basic provisions for area eligibility.

The Douglas bill offers substantial assistance of various kinds to areas which qualify as redevelopment areas. Such assistance would be of considerable value to Rhode

Island, providing the State, or a substantial portion of the State, qualifies as a redevelopment area.

However, available data indicates that the State of Rhode Island, as a whole, would not now qualify as a redevelopment area under the terms of the proposed bill, and that while the Providence-Pawtucket area would qualify in 1961, there is serious question as to whether this area would continue to qualify in 1962.

I understand that, essentially, the bill provides that over a period of three of the last preceding years, the unemployment must be 50 percent over the national average. Is that correct?

Mr. DOUGLAS. That is correct.

Mr. PASTORE. I further understand that over a period of 2 of the last 3 preceding years, the unemployment must be 75 percent over the national average to qualify.

Mr. DOUGLAS. That is correct.

Mr. PASTORE. Or in the case of 1 of the last 2 preceding years, it must be 100 percent over the national average.

Mr. DOUGLAS. That is correct.

Mr. PASTORE. The situation in Rhode Island has been that we have had a high level of unemployment. But unfortunately there has been, nationwide, a downward cycle of employment, with the result that the level of national unemployment has been rising.

Therefore, in adjusting the unemployment situation in Rhode Island, so it will be in consonance with the national average, we find that the situation in 1962 in Rhode Island might be such that at that time unemployment in Rhode Island might not be 50 percent above the national average.

Under this bill, what will be the situation in the event—as in the case of Rhode Island—that unemployment remains high, but in any event does not fit within the formula of the 50 percent, 75 percent, and 100 percent above the national average?

Mr. DOUGLAS. That is a very good question. Let me say that the administrator must designate as redevelopment areas the regions which have more than 6 percent unemployment and an annual average rate meeting one of the three tests has been stated by the Senator from Rhode Island. But the administrator also will have discretionary power—as provided in the first paragraph of section 5(a)—to designate the areas in the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs 1 and 2, that there has existed substantial and persistent unemployment for an extended period of time.

Therefore he has a zone of discretion beyond the mandatory standards which he could use to include such areas as Providence-Pawtucket, and other places in Rhode Island.

It is a matter of common knowledge that, over a long period of time, Rhode Island has had high unemployment, has drawn down its unemployment reserves, and has suffered probably as much from longtime unemployment as has any place in the Union. While I am not the Administrator and cannot make a

pledge in the matter, it seems to me the Administrator would be moving within the spirit and letter of the law to include those areas of chronic unemployment in Rhode Island.

Mr. PASTORE. I realize that the final determination, according to the bill, will have to be that of the Administrator; but am I correct in my understanding of the Senator from Illinois when I say that, even though the situation might arise in the State of Rhode Island where unemployment was at a rate that was considered rather precarious, but which did not fall within the formula of 50 percent, 75 percent, or 100 percent unemployment, on the formula of the preceding years, the Administrator still would have enough discretionary power under the law to designate it as an area to be helped if the unemployment rate remained high, even though it did not fall within the prescribed formula?

Mr. DOUGLAS. The Administrator would have such discretion, although he would not be compelled to do so. That is stated on page 15 of the report.

Mr. PASTORE. Will the Senator read that part of page 15, because I think it is quite important to make a legislative history necessary to guide the Administrator in his discretion?

Mr. DOUGLAS. Yes. On page 15 of the report, above the midway portion of the page, it reads:

The Administrator may also, at his discretion, designate other areas as eligible for assistance where substantial and persistent unemployment has existed and which have unemployment conditions generally comparable to those of the areas of mandatory designation.

Mr. PASTORE. In other words, even though that percentage figure may not fit in precisely in comparison with the national level, if there has been a persistent unemployment situation in the locality, the Administrator has the discretion and the right to step in if he so deems?

Mr. DOUGLAS. The Senator is correct.

Mr. PASTORE. I thank the Senator.

Mr. DOUGLAS. I may say this provision was written into the bill especially to take into account such situations as those in Rhode Island. The Senator has asked a good question, and I hope the answer has been relatively satisfactory.

Mr. President, I ask unanimous consent that the criteria specified in S. 1 for eligibility for assistance be inserted at this point in the RECORD.

There being no objection the criteria was ordered to be printed in the RECORD, as follows:

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in subparagraphs (1) and (2) below, that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the rate of unemployment, excluding unemployment due primarily to

temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two years.

The Secretary of Labor shall find the facts and provide the data to be used by the Administrator in making the determinations required by this subsection. Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under section 350 of the Tariff Act of 1930, as amended, with respect to which the President has reported to the Congress under section 4(a) or 7(c) of the Trade Agreements Extension Act of 1951, as amended, and meeting the standards of unemployment set forth in this section shall be entitled on application to special consideration by the Administrator for designation as a redevelopment area.

(b) The Administrator shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before making any loans as the result of designations under this subsection, the Administrator shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Administrator shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government and/or from the State or States in which such area is located or from any municipality therein. In making the designations under this subsection, the Administrator shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible. In making these determinations, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of the Interior, and such other heads

of agencies as may be appropriate, are authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Administrator shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as a redevelopment area and may include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality.

Mr. PASTORE. In conclusion, I congratulate the Senator from Illinois for his fine efforts on behalf of the people of this country, the very fair and exhaustive study he made before Congress convened in January, the diligence with which he has persisted since then in working out rough spots in committee, and the fine presentation he is making on the floor.

Mr. DOUGLAS. I thank the Senator from Rhode Island.

I think it follows, therefore, Mr. President, that, in spite of the pressure upon people to leave these areas, a great many persons are not going to leave and we shall have the very real problem of what to do with them.

The waste of social capital from forced mass evacuation of the distressed areas.

But there is another reason why I favor this redevelopment bill, aside from taking care of the human problem. If the people do move, in the areas into which they migrate, new social facilities or new social capital will have to be constructed. Investment which will be lying idle in the communities from whence they came, and which, if jobs could be brought to these people at home, could be more fully utilized.

Let me illustrate what I mean. Men need industrial capital with which to work—land, buildings, plant, machinery—but they also need social capital with which to live, namely, housing, schools, sidewalks, streets, water systems, sewer systems, power systems, churches, and, yes, retail stores. If there is a mass migration of people from depressed communities into other areas—and, incidentally, it is not at all certain they are going to find jobs elsewhere—there will have to be provided for them, in the new areas, new housing, schools, churches, streets, sidewalks, water and sewer systems, electric light and power systems, telephones, and other facilities, which will be left lying idle in the communities from which they came.

I have not had time to compute the average amount of social capital per person as compared with the average amount of industrial capital per person, but I can say the investment in social capital is much greater than most people realize. It is said that it takes \$15,000 in manufacturing to provide one job. In addition there are many persons in nonmanufacturing jobs where the ratio of capital to labor is lower.

To make a rough guess, I would doubt very seriously whether the amount of industrial capital per person—not merely per worker, but per person—is more than \$4,000 or \$5,000. Now, let us consider the amount of social capital per person. The average family of four needs a house that costs about \$12,000. That is \$3,000 per person right there. School buildings have an average cost, I suppose, of around \$1,100 or \$1,200 per pupil, and, therefore, several hundred dollars per person.

I think Luther Gulick estimated that the cost of public facilities, and presumably he meant sidewalks, streets, and other facilities, came to about \$1,100 per person. Then if we include churches, fraternal organizations, retail organizations, and so forth, I think it will be found that the cost of social capital per person is greater than the cost of industrial capital per person.

If there is a mass migration, which so many people wish to see, the new facilities of all sorts are going to have to be constructed in the areas into which the people move. The question I ask is, Is it not more economical, as well as more humane, to try to bring some jobs to the people in those localities, rather than compel all the people to go elsewhere, hunting for jobs which may not exist?

WHAT WE ARE TRYING TO DO

That is all we are trying to do. We are trying to bring some jobs back into these areas of high and persistent unemployment, and by doing so to infuse new blood into the economic lifestream of the communities, to start production going again so that people who are today unemployed will have jobs and will receive wages. If they have wages they can buy more in the retail stores. They can pay taxes. They can contribute to churches. Those who receive this income, in turn, respond it.

Of course, there are limits to this process. We do not claim to have discovered the secret of economic perpetual motion, but I think it is not far from the truth to say that there is a multiplier involved here of probably three and certainly a multiplier of two. If we create a million dollars worth of production and wages in a community, that will result in a total of some \$2 million to \$3 million more of income, and will really put new fresh lifeblood into the area.

I wish to make it clear that we are not trying to freeze the population. The charge has been made that S. 1 is an attempt to freeze the existing population and to prevent the migration of labor. This is not the case. We know migration is going to continue, particularly in the cases of the younger workers. We do not pretend that we are going to give jobs to every unemployed person in these localities. That would not be true, and we are not trying to sell the bill on any false set of claims.

We do say, however, that something should be done, that these communities should not be allowed to wither on the vine if there is a chance for them to survive. We should not abandon the people in these communities without trying to help them, and the most ef-

fective way to help them is by helping them get jobs.

Moreover, there are heavy hidden costs which result from unemployment. Unemployment compensation has to be paid. There is the cost of relief, and of surplus foods.

God bless our President for increasing the amount of available surplus foods. The Senator from West Virginia read into the RECORD last year cases demonstrating the hardship of certain people, and one case, at least, concerned a man who died from malnutrition in a hospital in West Virginia. "Malnutrition" is simply a fancy name for slow starvation.

We have a President who met this situation as best he could. Instead of 3.5 million people who were receiving surplus foods as of a few months ago, there are now 6.1 million people receiving this assistance, and each person is receiving approximately twice as much food as was being given before. This action has been criticized, but I think it shows that the administration is determined to do everything it can to prevent the people of the Nation from starving.

However, the best thing to do in the long run is to provide work for people—not charity, but work. If we can provide work, we will decrease the amount of relief; we will decrease the amount of crime; we will decrease all of the problems which afflict these areas.

The young people in these communities often get in trouble, too. There is no work for them to do. They walk the streets. When there is a recession elsewhere and they cannot find jobs elsewhere, a lot of them get into trouble and may end up in jail, particularly if they are destitute. The poor boy who gets into trouble has his name placed on the police books. This may be a black mark against him for the rest of his life.

Mr. President, I submit that it is not only humane, but it is also sound economics to try to bring some jobs to these unemployed people. That is what S. 1 tries to do.

I do not wish to make extravagant claims for the bill. It will not solve all of the structural unemployment. It will not reduce this recession. As we make clear in our report, S. 1 is not an anti-recession measure. We have other measures before us to deal with the recession. The speeding up of public construction, the lowering of interest rates, the increase in the duration of unemployment compensation benefits are all proposals to reduce the recession's effects and generate recovery.

This bill is not an antirecession measure, but it is a measure to channel a larger share of future economic growth into areas which in the past have not had a proper share of our growth, and which as a result have high and persistent unemployment. It looks toward the future, toward the longrun future.

THE PREVIOUS VETOES OF THE BILL HAVE BEEN SERIOUSLY INJURIOUS

We would have been in a much better economic position right now if the bill had been approved by the previous President of the United States. Senators may

remember that I first introduced the bill in 1955. The bill passed the Senate and went to the House of Representatives in the concluding days of 1956. Though virtually every offer was made by us to get any kind of a bill passed by the House of Representatives, the leaders of the Republican Party and the Cabinet would not consent to having the bill brought up in the House, and it died.

In 1957, I introduced the bill again. The bill passed the Senate. It was passed by the House in 1958. It was pocket vetoed by President Eisenhower in the late summer of that year.

In 1959 I again introduced an area redevelopment bill. Again it passed the Senate. The bill went to the House of Representatives, and in a revised form it was passed by the House of Representatives in 1960. We accepted the House amendments in order to get something done. The bill went to the President, and he vetoed it in a stinging, denunciatory message which I characterized at the time, and which I characterize now, as ill-informed and inhumane.

We took this issue to the country last year. The Democratic candidate for the Presidency advocated this measure in virtually every State of the Union. I advocated it in my own State. We were bitterly opposed. The voters, I think, have demonstrated their opinion.

I shall not speak of my own majority except to say it indicated, I think, that the voters of Illinois, in spite of what some newspapers said about me, wanted to have me continue for another 6 years in this body.

We, therefore, come before the Nation and before the Congress with a popular mandate to pass this bill.

The people who have opposed this measure in the past are still opposing it. If they cannot oppose it outright, they will try to cripple it by amendments which will make it ineffective in practice.

The same old list of opponents appeared against the present bill. There were representatives of the National Association of Manufacturers, an association which has opposed almost every constructive public measure for the last 30 years. There were representatives of the U.S. Chamber of Commerce, which had a short period of grace when Eric Johnston was head of that organization but which has relapsed now, so that the organization is almost a carbon copy of the National Association of Manufacturers. The big manufacturing and financial interests of the Nation, are still opposed to the bill determined that the Government shall not relieve human misery.

I will put it as boldly as that. If perchance popular sentiment is so strong that the people of the Nation insist that something be done to relieve human misery, the opponents will seek to make the attempt as ineffective as possible, and offer crippling amendments which they believe will hamstring the measure.

Mr. BURDICK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the distinguished Senator from North Dakota.

Mr. BURDICK. I compliment the distinguished Senator from Illinois for his able and informative presentation this afternoon. North Dakota is an agricultural State and not an industrial State, but there are in North Dakota four Indian reservations in which there is substantial and persistent unemployment. I compliment the Senator from Illinois for including in the bill the right of the Administrator to designate Indian reservations as redevelopment areas.

Mr. DOUGLAS. I thank the Senator from North Dakota, and I am glad that he has, with his usual alert eye, noticed that fact. I have visited a great many of the Indian reservations in the country, and I have seen some abject poverty. This is not true of all Indian reservations. A few tribes have struck oil; others have rich timberlands. However, in the main they are areas of abject poverty. We have not treated those Indians properly. We intend to try to help the Indian tribes as well as other communities. I thank the Senator from North Dakota.

RURAL AREAS OF LOW INCOMES AND HIGH UNDEREMPLOYMENT

Hitherto, I have been discussing the industrial areas of the Nation, but the problem of rural poverty and rural underemployment is as great as the problem of industrial poverty and unemployment. In fact, I think there is more rural poverty in this country than industrial poverty. The bill is aimed at helping those areas as well.

Some years ago the Department of Agriculture made income studies of rural counties in the Nation, and about the same time, the distinguished junior Senator from Alabama [Mr. SPARKMAN] conducted a very able investigation for the Joint Committee on the Economic Report of rural poverty. I hope he will speak on this subject later in the debate. That investigation showed that there were hundreds of counties in the Nation where a very large proportion of the farm families had net incomes of less than \$1,000 a year, and gross farm income of less than \$5,000 a year.

One can measure unemployment in the industrial cities and towns rather easily, but it is very hard to measure underemployment on the farm. But we do know there is much underemployment or idle labor in the farm household, which could be harnessed to more useful work. During the off seasons, unemployed farmers, who work in the fields during the farm seasons, but in the wintertime or after harvest are relatively idle, could perform useful work, producing income for the family and producing goods for consumers.

The Secretary of Agriculture has estimated that there is enough underemployment each year among workers 20 to 64 years of age who live on farms to equal a full year of unemployment for 1,400,000 workers.

S. 1 WOULD SERVE BOTH INDUSTRIAL AND RURAL AREAS

The bill has dual purposes. It has a program for the industrial areas of high and persistent unemployment. It also has a program to bring employment into

the rural areas of low farm income and high unemployment. The second chart at the back of the Chamber shows where, in 1955, such counties tended to be located. The most severe cases are shown in red; the next most severe are shown in blue; and the still less severe, but still low income cases, are shown in yellow.

These conditions of hardship exist in northern Minnesota, Wisconsin, Michigan, running into Pennsylvania, and over in the West in Montana, southwest Oregon, and Washington; but they are chiefly concentrated in the Southern States, particularly in the regions with a high percentage of Negro farm workers. Conditions are also severe, especially in the Appalachian highlands, among the poor white population.

I have been appealed to by many industrial sections of the North to throw this group overboard and to confine the bill entirely to the industrial areas. I must say that some very plausible political arguments have been made. I have been told, "Senator, though your bill provides more aid to the Southern States than probably to any other section of the country, you have never had much political support from the South. When this bill has been considered before, the familiar bipartisan coalition has voted against it. The vast majority of Southern Senators and Representatives have voted against it. You are not going to get any support by providing benefits for Southern areas in the bill. The Representatives of that section will vote against you this time as they always have voted against you, even though their own section may benefit more than any other. Why fight the battle for others?"

I must admit that, my fingers having been often burned in this very way upon occasion. I have found that argument tempting. But I decided against it, and I am happy to say that my colleagues from the north have decided against it. We do not want merely a sectional measure. We want a national program which will assist in meeting the need wherever it exists, in the South as well as in the North. If the poor farmers of the South are in need, we wish to help them, even though some of their own representative will not do so. We will not abandon the people of the South. We hope that the logic of the bill and the facts of the situation will make an appeal to Senators and Representatives from those States. We hope that the votes this time will be different from what they were in 1956, 1957, 1958, 1959, and 1960.

The test will come either tomorrow or in the next few days. In any event, the representatives of the North have refused to sell out the people of the South. We will continue to refuse to sell them out, because we wish to adopt a national point of view, and we want to provide assistance wherever it may be needed.

Perhaps that is enough for an introduction.

In what specific ways are we trying to attract new industry into the areas which have not had an adequate share of the economic growth and an ade-

quate share of the economic prosperity, when the rest of the Nation is being privileged?

CONTENTS OF S. 1

The first, and perhaps the most important feature of the bill is low interest rate loans to private industry. We set up revolving loan funds of \$200 million, one fund of \$100 million for the industrial sections, and another \$100 million fund for the rural sections of the country, the money to be loaned to new industries or to expand existing industries, so that they can create more jobs. The loans are to be made on land and buildings and, in cases of proven need, on machinery and equipment.

Loans cannot exceed 65 percent of the cost of land and buildings or, in the case of proven need, of machinery and equipment. I emphasize that it cannot exceed 65 percent, because it may be less, and I would hope that in most cases it would be less.

The State or locality or a nonprofit private organization must put up at least 10 percent of the project cost. At the same time they must present an approved economic plan for the region, so that there can be a systematic development, and not merely helter-skelter financing of new plants. The localities must organize to help themselves, and must put up some money of their own.

In addition, private sources must put up at least 5 percent, but, of course, in practice, they will have to put up much more than that, because there will seldom be cases of States contributing more than 10 percent.

Even if the National Government were to put up 65 percent, it would leave 25 percent to be made up by private agencies if the State made the minimum contribution. To the degree that the Federal Government would put up less than 65 percent, the residue would have to be made up by private parties. The entire cost of working capital would have to be borne privately—plus the investment needed for materials and for payrolls.

What we are really trying to do, Mr. President, is to provide seed capital to start private industry, local groups, local banks, lending institutions, insurance companies, and the rest to generate constructive activity. We hope that for every Federal dollar there will be unlocked and made available many private dollars.

I can cite an illustration of what can be done by indicating what happened in the city of Chicago. The city and county governments decided to build a civic center. They decided to locate their city and county offices in this center, and in that way save enough in rent not only to pay the interest, but also the amortization on an investment of \$65 million. Private banking interests agreed to float \$65 million in bonds, and the bankers said they had the people who would buy the bonds, but that they would not provide any money for architectural drawings. However, without architectural drawings they would not float the bonds.

Things were stalemated. However, 2 days after Robert Weaver became head of the Housing and Home Finance

Agency, a temporary loan of a million and a half dollars was made to the city and county for architectural drawings. That money is to be repaid out of the \$65 million bond issue. We are going ahead with the civic center, and we have pledges from real estate owners in a wide surrounding area that they will carry out improvements.

In my judgment, well over \$100 million of investment is going to be unlocked because of a loan of a million and a half dollars which, if it had not been made, would have stymied the whole enterprise.

So what we are trying to do here is to provide seed capital to get these projects for growth started. We would provide \$100 million for industrial areas, and \$100 million for rural areas, to bring in new industries and provide off-farm employment, such as the processing of farm products produced in the area. The interest rate is to be one-half of 1 percent above the interest rate on Government bonds of comparable maturities, the loans not to be for more than 25 years. At this time a 25-year Government loan bears an interest rate of approximately $3\frac{3}{4}$ percent. This would mean a lending rate of $3\frac{3}{4}$ percent plus $\frac{1}{2}$ percent or $4\frac{1}{4}$ percent. Private capital either would not be loaned at all or it would bear an interest rate of $6\frac{1}{2}$ or 7 percent. There is nothing new in this approach. This is the system which we have used to assist foreign economic development. We have not only been lending money abroad, but we have been making grants also, to start steel mills in Turkey and fertilizer plants and big dams in other parts of the world. Even though I have had some doubts, I have voted, with one or two exceptions, for this program, because I thought it was in the interest of world peace.

The former administration favored such a foreign aid program. All we are trying to do is to apply these same principles to help Americans here at home. I want to help Iranians and Iraqians and Turks and Pakistanis and Indians and Afghans and Congolese and Nigerians. I have every desire to help them. But I hope I will not be regarded as being parochial when I also want to help Americans. The previous administration which so strongly supported foreign aid which I also supported, wanted to skimp on any domestic assistance for hard pressed people at home.

I believe it is time that we treated our people at home with at least a fraction of the concern with which we treat people abroad.

I wish to emphasize again that I am not railing against foreign aid. I have always supported it, and I expect to support it. However, I marvel at those who will make passionate speeches in favor of foreign aid, and then will oppose a program like the one we are now considering. I do not question their sincerity. I do question their consistency. It has been extraordinary to see them vote area redevelopment in the past.

May I also point out that these loans, either for the industrial areas or for the rural areas, will not be made unless private capital is not available on reason-

able terms. This is to be the last resource for loans not the first resource.

PUBLIC FACILITIES

In addition to the two revolving loan funds, one for \$100 million for private development in the industrial areas and one for \$100 million for private development in rural areas, the bill contains some provisions for public facilities. Another revolving loan fund of \$100 million is to be loaned to localities for the construction of public facilities for industrial and commercial purposes. These are facilities which will help the area to attract and retain industry and to create and hold jobs.

Let me illustrate this part of the program by a description of what happened in the southern part of my own State of Illinois. At that time Congressman Keller represented the district. The area was suffering from a lack of water. Drinking water in times of drought was brought in by railroad tank cars. There was very little manufacturing industry there. Such manufacturing industry as there was, threatened to leave. Representative Keller sought assistance everywhere. He sought help from the WPA, from PWA, and from the CCC. Wherever there was an idle supply of labor or available capital, he succeeded in getting it, and a little creek was dammed up to create a lake. Representative Keller's opponents called this project "Keller's Frogpond" "Keller's Folly," and predicted it would come to no good end. But the lake was created.

Since then, the present Representative from the district, Representative GRAY, and I have succeeded in getting two supplementary lakes created. The lake, in the first place, provided drinking water for three communities and satellite towns. Second, it provided a supply of raw water, which helped to attract a number of industries employing several thousand people. Third, when the war came along, the fact that there was available labor and water led the War Department to establish an ordnance plant there. After the war, when the ordnance plant was discontinued, the buildings, together with access roads, water and sewer connections, and power connections remained, and the buildings were available to attract a series of small industries. The industries came, and jobs have been provided for some 3,000 persons in these buildings.

The existence of the water induced the REA cooperatives to ask for and obtain a loan to build a generating plant, which will reduce power costs in the area and assist production. This never would have been possible if the water had not been available for condensing purposes.

The lake has also provided recreation facilities. It has drawn tourists. It is very poorly conducted by the Fish and Wildlife Service. It is not properly managed, I might say, by the Fish and Wildlife Service. However, in spite of that, it has drawn tourists, and around that lake motels and restaurants have sprung up. So in spite of the decrease in coal mining, there has been a reinfusion of life into that area. It was this activity

which helped to give me the idea for the area redevelopment bill.

Public facilities in the form of industrial water are needed to help attract industry. A great many industries need large amounts of water. They will not come unless there is water. This is notably true of the aluminum industry, but it is true of other industries, as well. Furthermore, the ordnance buildings were really constructed as an industrial park. They could be subdivided for small business. Small business could obtain a loan, come in, and have all the facilities ready, without having to make capital investment which would otherwise have been required. In a sense, therefore, public facilities provide some of the external economies which Alfred Marshall, the celebrated English economist, spoke of so often.

So the bill has provided for a \$100 million revolving loan fund for public facilities of this type, which will add to the possibility of attracting and retaining jobs in the area, not to be frittered away on nonessential improvements. The rate of interest is to be the same as the eloquent and able Senator from Arkansas [Mr. FULBRIGHT] has urged in the case of educational loan funds, namely, the average rate on all Government securities, short-term as well as long-term. There is some confusion in the present language on this point but we can straighten it out with a committee amendment.

Some communities, however, are unable to meet the local capital contributions, so we have provided a \$75 million grant fund to augment the loan fund. These are three of the four principal provisions in the bill.

In addition, we well know that coal miners and textile workers who have been laid off, and who have no possibility of returning to their former employment, need to be retrained for new jobs. Therefore, we have included an occupational retraining section providing for \$4,500,000 annually to meet these costs. The retraining is to be conducted not only in the industrial areas but in the rural areas, as well, and for jobs which may come into these areas and for jobs outside the areas, as well. Thus we will increase the mobility of labor.

We also provide an allowance for subsistence payments for people while they are being retrained. This amounts to \$10 million.

Next we provide \$4,500,000 for technical assistance. We gave the technical assistance under the point 4 program to many of the nations of the world. Why not give it to areas of distress at home?

That is one explanation of the principal features of the measure, Mr. President. We provide a \$300 million revolving loan fund and \$94 million in authorizations for continuing appropriations.

PROPOSED AMENDMENTS

Attempts will be made to cripple the bill by amendments. This, I think, may be the biggest danger which we face in the days ahead.

There is a difference of opinion as to what agency should administer the act.

In the bill which the Senate has always passed previously, there was a provision for an independent Administration under an Administrator appointed by the President. Attempts were made in the past to substitute the Department of Commerce for an independent Administrator. I am happy that, with the aid of the distinguished previous junior Senator from Massachusetts, now the President of the United States, we have always been able to beat back such amendments. But I notice lying at the desk such an amendment submitted by the able junior Senator from Arkansas [Mr. FULBRIGHT].

I have felt very strongly that it would be far better to have the bill administered by an independent agency. That was the opinion of almost all those who really advocated the bill. I do not wish to say, and I shall specifically disavow any such statement, that all those who are in favor of administration by the Department of Commerce are opposed to the bill. But I do say that everyone who is opposed to the bill is in favor of its administration by the Department of Commerce.

The National Association of Manufacturers is in favor of the Department of Commerce; it is also opposed to the bill. The United States Chamber of Commerce, which is opposed to the bill, has stated that if there is to be a bill, let it provide for administration by the Department of Commerce.

I shall not call the roll, but virtually every Senator on our committee—who has in the past been opposed to the bill, and who at present is lukewarm toward the bill, is in favor of administration by the Department of Commerce. The friends of the measure are in favor of an independent Administration. Why is this? It is not due to any prejudice against the Secretary of Commerce, former Governor Hodges, of North Carolina.

We like him very much; we think he is a very fine man. We have no prejudice, quite the contrary, against the Under Secretary of Commerce, Mr. Edward Gudeman, formerly vice president of Sears, Roebuck & Co., in Chicago. To the great credit of the United States, he now serves as the Under Secretary of Commerce.

Similarly, we have no criticism of Hickman Price, Jr., who only recently has given up a salary of over \$100,000 a year, in order to serve as an Assistant Secretary of Commerce. They are very fine men, and we have no objection to them. Quite the contrary.

But we should recognize the applicability to this situation of two considerations. The first is that men may come and men may go, Secretaries of the Government departments and Assistant Secretaries of the Government departments may come and may go, but the bureaucrats go on forever; and the bureaucrats in the Department of Commerce have fought this measure consistently, year after year. They have provided the previous Secretaries of Commerce with the arguments which have been used against the bill. They have been the ammunition manufacturers and the ammunition

passers of the opposition. They are experts in slow strangulation. No matter how zealous the new Secretary, the Under Secretary, and the Assistant Secretary may be, the civil service bureaucrats will be all around them. Even though the Secretary, the Under Secretary, and the Assistant Secretary take the wings of the morning and fly to the uttermost parts of the sea, even there the bureaucrats will be by their side.

But that is not all: There is attached to the Department of Commerce a mysterious body known as the Business Advisory Council. It consists of 60 members. The Council meets periodically. Its chief meeting is held in the spring, at the beautiful resort of White Sulphur Springs. There in secrecy and in splendor, the Council meets, and invites to meet with it various representatives of the Government, who, I presume, sleep there and eat there at the expense of the Council. I do not know whether they drink there at the expense of the Council, but let us say they quaff the waters of White Sulphur Springs in company with the 60 members of the Council and also in company with the honorary members and the graduate members.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of the members of the Business Advisory Council.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

BUSINESS ADVISORY COUNCIL FOR THE DEPARTMENT OF COMMERCE MEMBERSHIP FOR 1961

Active indicated by (A); ex officio by (E); graduate indicated by (G); honorary indicated by (H).

Winthrop W. Aldrich (H), 960 Fifth Avenue, New York, N.Y.

William M. Allen (A), President, Boeing Airplane Co., Post Office Box 3707, Seattle, Wash.

S. C. Allyn (G), chairman, National Cash Register Co., Main and K Streets, Dayton, Ohio.

Robert B. Anderson (A), No. 1 Deerpark Court, Greenwich, Conn.

Clarence Avildsen (G), chairman, Avildsen Tools & Machines, Inc., 100 Lafayette Street, New York, N.Y.

William L. Batt (H), Kenilworth Apartments, Philadelphia, Pa.

William M. Batten (A), president, J. C. Penney Co., Inc., 330 West 34th Street, New York, N.Y.

S. D. Bechtel (A), chairman, Bechtel Corp., 155 Sansome Street, San Francisco, Calif.

S. Clark Beise (A), president, Bank of America, National Trust & Savings Association, 300 Montgomery Street, San Francisco, Calif.

John D. Biggers (H), chairman, Finance Committee, Libbey-Owens-Ford Glass Co., National Bank Building, Toledo, Ohio.

James B. Black (H), chairman, Pacific Gas & Electric Co., 245 Market Street, San Francisco, Calif.

Roger M. Blough (A), chairman, United States Steel Corp., 71 Broadway, New York, N.Y.

Harold Boeschstein (A), president, Owen-Corning Fiberglas Corp., Post Office Box 901, Toledo, Ohio.

Fred Bohen (G), president, Meredith Publishing Co., 1716 Locust Street, Des Moines, Iowa.

Ernest R. Breech (G), Post Office Box 236, Bloomfield Hills, Mich.

Mason Britton (H), consultant, Metal Cutting Tool Institute, Chrysler Building, New York, N.Y.

George R. Brown (A), executive vice president, Brown & Root, Inc., Box 3, Houston, Tex.

Prentiss M. Brown (H), chairman, Mackinac Bridge Authority, St. Ignace, Mich.

Howard Bruce (H), chairman, executive committee, Worthington Corp., Post Office Box 987, Baltimore, Md.

Carter L. Burgess (A), president, American Machine & Foundry Co., 261 Madison Avenue, New York, N.Y.

Paul C. Cabot (A), chairman, State Street Investment Corp., 140 Federal Street, Boston, Mass.

James V. Carmichael (G), president, Scripto, Inc., Post Office Box 4847, Atlanta, Ga.

C. S. Ching (H), Cyrus S. Ching Associates, 1625 I Street NW., Washington, D.C.

Walker L. Cislser (G), president, Detroit Edison Co., 2000 Second Avenue, Detroit, Mich.

Lucius D. Clay (G), chairman, Continental Can Co., Inc., 100 East 42d Street, New York, N.Y.

John L. Collyer (G), B. F. Goodrich Co., 500 South Main Street, Akron, Ohio.

Ralph J. Cordiner (A), chairman, General Electric Co., 570 Lexington Avenue, New York, N.Y.

John E. Corette (A), president, Montana Power Co., 40 East Broadway, Butte, Mont.

Edw. B. Cosgrove (H), chairman, Green Giant Co., Le Sueur, Minn.

John Cowles (G), president, Minneapolis Star and Tribune, 425 Portland, Minneapolis, Minn.

C. R. Cox (G), president, Kennecott Copper Corp., 161 East 42d Street, New York, N.Y.

W. Howard Cox (H), chairman, Union Central Life Insurance Co., Cincinnati, Ohio.

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Charles E. Daniel (A), chairman, Daniel Construction Co., Post Office Box 2286, Greenville, S.C.

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Paul L. Davies (A), chairman and president, Food Machinery & Chemical Corp., Post Office Box 760, San Jose, Calif.

Frank R. Denton (G), vice chairman, Mellon National Bank & Trust Co., Pittsburgh, Pa.

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Frederick V. Geier (G), chairman, Cincinnati Milling Machine Co., Cincinnati, Ohio.

Elisha Gray II (A), Whirlpool Corp., St. Joseph, Mich.

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 Reese H. Taylor (G), chairman and president, Union Oil Co. of California, Union Oil Center, Los Angeles, Calif.
 Walter C. Teagle (H), 30 Rockefeller Plaza, New York, N.Y.
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R. W. Woodruff (H), chairman, finance committee, the Coca-Cola Co., 310 North Avenue NW., Atlanta, Ga.

James W. Young (H), Rancho de la Canada, Pena Blanca, N. Mex.

Harry W. Zinsmaster (H), chairman, Zinsmaster Baking Co., Duluth, Minn.

Mr. DOUGLAS. Mr. President, I do not propose to launch into a biographical sketch of each and every member of the Council. Doubtless they are worthy men. Some of them may, on occasion, indulge in a little price fixing as recent revelations have shown, but I am sure they want to be good citizens. But I do say that the list of members of the Business Advisory Council is similar to the list of the inner circle of the National Association of Manufacturers and the inner circle of the U.S. Chamber of Commerce. The Council is a mysterious organization. Its debates and decisions have never, so far as I know, been published. There is a rather strict secrecy ban on what the Council does. But it is well known that the Council has a great deal of influence. These are the people who have fought area redevelopment from the very beginning. I, for one, am reluctant to give to them a power of inaction or a power of sabotage, a power to strangle this measure, for which we have fought for years, but which they have always opposed.

At our committee meeting last week we reached a compromise which is fair to the great former Governor of North Carolina, who now graces the Department of Commerce as its Secretary. Yet the compromise provides the internal push and drive which is so badly needed. We propose to give the administration to a separate Area Redevelopment Administration, located within the Department of Commerce. The Department of Commerce will perform the housekeeping

functions. In addition, the able and distinguished Secretary of Commerce will be chairman of the Business Advisory Council, and will have the power to designate a management-labor committee, and will be given honor and a share of responsibility. But an executive, appointed by the President, with the advice and consent of the Senate, will "run the show." I think that plan combines the advantages of both proposals. It should be satisfactory to those who have advocated that the administration be in the Department of Commerce; but I notice that the Senator from Arkansas [Mr. FULBRIGHT] has an amendment to put all of it in the Department of Commerce, and to take away any independent administration whatsoever. Apparently he is not for the moderate compromise to which the majority of the committee agreed.

ANNUAL APPROPRIATIONS VERSUS TREASURY FINANCING

Another issue which will arise is in regard to the method of financing the \$300 million for the revolving loans. We provide for financing by so-called Treasury issues—in other words, that the Treasury shall borrow the money in the open market and then shall reloan it to private industry, at one-half of 1 percent higher than the rate the Treasury pays. These will not be expenditures; they will be investments. They will be different from an appropriation for a payroll or for the purchase of food or guns. Instead, they will be an economic investment. If corporations were to carry on these activities, they would float bonds, and then would relend the money. Inasmuch as these are investments, we believe it proper for the Federal Government first to borrow the money, and then reloan it. That will be in conformity with sound principles of governmental and private finance. It will enable those who will be in charge of the program to arrange their program over a period of years, instead of having a new program each year. How often have I heard that argument used by the eloquent and distinguished junior Senator from Arkansas, in speaking in favor of the Development Loan Fund. He has convinced me on that point, and I shall support him in connection with the proposal that the Development Loan Fund be financed on a long-term basis. I hope he will support us in our attempts to have similar American ventures financed on the same basis.

Of course, annual appropriations can also be tripped up at any moment. If it is not permissible to arrange for a permanent or a long-term program, those in charge of the administration can be hurried; as the time when the appropriation is to be made approaches, there will be a rush either to loan the money or otherwise expend it before the Appropriations Committee swings the ax. There are many other difficulties which I think it more polite not to go into at great length at this time. But they are obvious to those who have served for any length of time in either the Senate or the House of Representatives.

Yet an attempt will be made to have S. 1 financed by annual appropriations.

Frankly, if that is done, it will probably mean the annihilation of the bill as an effective measure.

OTHER HOSTILE AMENDMENTS

Then there will be an attempt to strike out assistance for rural sections. Let me say I do not intend to abandon the rural sections. I do not intend to abandon the South, even though the representatives of the South may abandon the South.

There will be an attempt to have the act live for only 2 years, and then have it die at the end of those 2 years. I believe the distinguished senior Senator from Connecticut has an amendment to that effect.

Mr. President, this, in effect, means legal infanticide. Infanticide is a horrible crime. Murder is bad under all conditions. The murder of infants is particularly reprehensible. But here is a proposal to murder the bill after 2 years. I wish to say that legal infanticide is absolutely wrong, and unworthy of the great Senator from Connecticut who is sponsoring the amendment.

Then there is a proposal which I call "Pass the biscuits, Pappy." It proposes that every State in the Union must have an approved rural project. When sponsor of that amendment, the senior Senator from Connecticut, was asked why Rhode Island, which is not a farming State, should have rural redevelopment funds, he mentioned the chicken industry of Rhode Island, which, he said, was badly in need of stimulation. I see in the chair the distinguished junior Senator from Rhode Island [Mr. PELL], and I know he is a fairminded man. I do not think he believes the Rhode Island Reds need relief from these funds. There are not many Reds in Rhode Island, anyway, and the Rhode Island chicken can stand on its own two feet and fear not any man. [Laughter.]

SUMMARY

Mr. President, I think I have adequately explained the bill. I have tried to introduce a few touches of obvious humor into the proceedings, but this is not a laughing matter. There are hundreds of thousands of people in the depressed areas out of work, who probably never will get back to work unless we bring them aid. We are proposing to bring them aid in the American way, through private industry, with the Government serving merely as a catalyst. We believe this measure will stimulate industry, and, while it will not pull us out of the recession, it will remove some unemployment; and by putting people who are idle, to work producing goods, which would otherwise not be produced, it will increase the longtime product of the Nation, and somewhat increase our rate of economic growth.

Mr. President, let me, in conclusion, quote the statement of the present President of the United States when he received the Special Task Force Report on Area Redevelopment, which I had the honor to submit to him at the end of December. I now quote President Kennedy:

It would be a mistake to consider the problems of chronic unemployment and un-

deremployment solely in the context of the areas directly affected. The entire Nation suffers when there is prolonged hardship in any locality. This problem is especially critical today, for 1 out of every 10 persons in the United States lives in an area that now feels the impact of chronic unemployment or underemployment.

May I add some figures to that statement? I have said there are over 16 million people in industrial areas of high unemployment. If we take the rural communities of extremely low farm income and high unemployment, we get 4 to 6 million more. We have, therefore, from 11 to 13 percent of the Nation living in those areas. Let us try to help these people here at home and do it in an effective fashion.

I am not ready to write these people off the map and shut the gates of mercy upon them.

So, Mr. President, while there have been very few Senators on the floor to listen to my speech, because Senators are necessarily busy on other matters, I hope it may be read, and that when we begin discussion of the bill, and, further, on tomorrow or Monday, consider some of the amendments that are proposed, these arguments may at least be considered for what they are worth.

I yield the floor.

Mr. BYRD of West Virginia obtained the floor.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield to the Senator from Kentucky.

Mr. COOPER. I appreciate the Senator's yielding to me. I assure him I shall not speak more than a few minutes. I do want, however, at the beginning of this debate, to express my support of Senate Bill 1. This is not a new position for me. In 1958 I joined the distinguished Senator from Illinois [Mr. DOUGLAS] and other Senators in cosponsoring a similar measure; and in 1960 I again joined the Senator from Illinois in introducing a bill which was in almost the same form as S. 1, on which debate has opened today. And I was glad this year when the Senator from Illinois asked me to be one of the cosponsors of this bill.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. DOUGLAS. May I say no one has been a more devoted supporter of this measure than the Senator from Kentucky. In season and out, he has worked for this bill.

Mr. COOPER. I thank the Senator.

Mr. DOUGLAS. At times when I have doubted and have asked myself, "Can I be on the right side?" when there have been so many opponents, I have taken courage from the fact that the noble Senator from Kentucky favored the measure, and that gave me added faith and reassurance.

Mr. COOPER. The Senator from Illinois is very kind. Of course, we all know the Senator from Illinois has been the great advocate of this bill and has carried the fight for it in committee and on the floor.

I want, at the outset of the debate, to express my support of this measure. I have supported it in the past. I have supported it as a Republican. I support it because I believe strongly in the objectives of the bill.

I will not today, in the short time I have, attempt to follow the Senator from Illinois in his comprehensive argument for the bill. I testified during the hearings. When arguments were addressed to me against S. 1, I was glad to answer them; and I wish to address myself today briefly—to those arguments.

The first question was in substance: "Do you believe this is a field in which the Federal Government should intervene? Do you think that the Federal Government should spend funds to assist the people who live in these depressed areas?" Or, if one wants to place it another way, the basis of the argument was that private enterprise and our private economy would ultimately take care of those who are unemployed.

I think all of us agree that a vigorous private economy is the best way to take care of a great many of those who are unemployed.

The fact remains, however, as the Senator from Illinois pointed out in his speech, that even in periods of high employment and of constantly rising wages, and increased profits, when people are well to do, or more than well to do—prosperous—thousands of people in various sections of the country have been left behind economically.

It is the type of economy we have in this country, and I am afraid we shall continue to have it. It is fast moving economy, one of technological change, automation, and new sources of competition from abroad. We shall have this kind of moving economy for many years. And people will be displaced from employment, without fault on their part.

I believe a great and rich country cannot forget these people who, many without cause on their part, are unemployed and many of whom are actually hungry and in great need. I know this to be true from my own observations in eastern Kentucky. We must act to help them.

Others ask, Will this type of action displace industry, induce industry to leave one section of the country for another? It might induce some small movement of industry; I do not know. If it does, perhaps it will be in the national interest.

My own judgment is that this bill will not displace industry. It will stimulate the local development of industry in these depressed areas. It will add industries to those which now exist rather than cause an industry to move from one area to another.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. DOUGLAS. While the bill was in committee we strengthened the anti-pirating section very appreciably.

Mr. COOPER. Yes.

Mr. DOUGLAS. The new wording is in section 6(a), on page 46 of the bill, in which it is stated that there shall be no financial assistance "to assist establishments relocating from one area to another."

Mr. COOPER. Yes.

Mr. DOUGLAS. This would not prohibit the establishment of branches. The language has been very greatly strengthened. We believe it is almost airtight to prevent pirating. The language is very satisfactory to the Senator from Connecticut [Mr. BUSH] who, with the Senator from Maine [Mr. MUSKIE], urged an amendment on this point.

Mr. COOPER. I thank the Senator. I knew the amendment had been agreed to.

I wanted to emphasize that passage of the bill will stimulate development of local industry in depressed areas, rather than displace industry.

Others who argue against the bill or who may vote against passage raise the question: Will it do any good? Can it help?

I do not think passage of the bill is an ultimate answer to the problem. I do not think it is an ultimate answer to the problems of the area with which I am familiar, the mining areas in Kentucky, yet I know it will help. It may induce the establishment of new industries. To that extent it will give help and employment. There are provisions of the bill for retraining and for technical assistance, which can be of great importance to the people in these areas and to municipalities to enable them to plan for development.

Something that cannot be overlooked is that a manifestation of interest upon the part of the Congress, action by the Congress, will go a long way toward lifting the morale of the people of these areas. I can tell the Senate today that morale is pretty low. Many of them believe that in this time of prosperity—and it is a time of prosperity for most people—they have been forgotten, and have been left behind.

Passage and approval of the bill will direct the attention of the Congress and of the people to the problems of chronic unemployment, which may continue for many years. If S. 1 and its approach is not an adequate answer, then as a result of experience under the provisions of S. 1, we may find a more adequate answer.

I am grateful to the Senator from Illinois. I was glad to associate with him in the formulation of the bill. I am glad to support his efforts.

Mr. President, I repeat: Ours is a great and rich country, with most of the people well to do and many rich. It is a country which supports a great private enterprise system, a system which we support as best for our country—as an aspect of freedom.

But the worst thing that could happen to the private enterprise system, and to our free system, would be for us to be so calloused, so blind, so unfeeling as to do nothing about these pockets of unemployment, and fail to make an effort to give succor to these people, and help them to work and to help themselves.

Mr. DOUGLAS. Mr. President, will the Senator yield for a moment?

Mr. COOPER. I yield.

Mr. DOUGLAS. I wish to express my deep gratitude to the Senator from Kentucky for his characteristically humane and distinguished address. The Senator is an inspiration to all of us, and to his party. We honor him on this side of the aisle, as do those on the other side. I am very grateful to him.

Mr. COOPER. I thank the Senator very much.

Mr. BYRD of West Virginia. Mr. President, I wish to congratulate the Senator from Illinois [Mr. DOUGLAS] and the members of the Banking and Currency Committee for their fine work in bringing to the floor an excellently conceived piece of proposed legislation. Indeed, like the people in other economically depressed areas, the people of West Virginia are grateful for devoted efforts of the Senator from Illinois [Mr. DOUGLAS] to help them.

Unemployment in West Virginia is exceedingly serious. It constitutes a situation so stark—and in many instances so grim—that national attention has been focused on it and national consideration must be given to it. One cannot fence in, or seek to contain, its adverse effects on the economy as a whole. There is an inexorable multiplier factor that works like yeast to the detriment of employment everywhere. As the purchasing power of a person is erased by unemployment, he cannot buy the products produced by workers elsewhere. Today, in West Virginia, there are approximately 152,000 unemployed persons, who, together with their families, are temporarily lost as consumers of American production.

As of mid-December 1960, estimated unemployment in the State's more populous counties was 95,850 workers—or 14.2 percent of the State's labor force.

Mr. President, on the chart at the rear of the Chamber there is a map which presents the areas of substantial unemployment in West Virginia as of January 1961, with percentages by area. If Senators will look at the chart they will find the chronic and nonchronic areas, which are officially classified by the U.S. Department of Labor, Bureau of Employment Security.

Senators will note that unemployment ranges from a high of 28.9 percent in the county of McDowell, which is the greatest coal mining county in the United States, to lower percentages in counties marked in the deepest red. The counties indicated by the deepest red color are the chronic areas of unemployment and underemployment. My own home county of Raleigh has a percentage of unemployment amounting to 23 percent. Other counties have high percentages, such as: Ohio County, 18.8 percent; Monongalia County, 12.2 percent; Marion County, the home of the late Senator Matthew Mansfield Neely, 11.9 percent; Fayette County, 24.9 percent; Logan County, 17.2 percent; Mercer County, 19.8 percent; and so on.

It should be noted that there is 6 percent or more unemployment in every one of the State's 55 counties.

The estimate by the West Virginia State Department of Employment Security was made in early February 1961. It is the latest figure available from an official State source. I think it should be emphasized that this overall figure of 14.2 percent unemployment is based on the number of insured workers who were receiving unemployment compensation at that time.

However, the department of employment security stated that its figure took into account only 30 populous counties and parts of 2 others.

Twenty-three less populous counties, which are shown on the map in the lightest color, were not included in the survey of the department of employment security. But the department did survey, on a sample basis, a few of these counties, and in doing so turned up the following startling fact: That in the Grafton area of Taylor County, an area which, according to this map, has 6 percent or more unemployment, actually has 25 percent unemployment; and in Webster County, the county to which I am pointing now, a county which again is in the area indicated on the map as an area of 6 percent or more unemployment, it was found that the unemployment there is actually 24½ percent. In short, this sample survey indicated that in 42 percent of the counties of West Virginia, there is one unemployed person out of every four persons in the State's labor force.

So there is good reason to believe that unemployment in my State is even worse than the West Virginia Department of Employment Security has stated.

As I have pointed out, the figures secured from the department of employment security indicate the high percentages of unemployment in these counties marked with deepest red on this map. But according to the department's own sample survey, we have found that unemployment in the lighter areas as shown here on the map, counties which, according to the department of employment security, do not indicate a high percentage of employment, in reality have unemployment amounting to as high as 25 and 26 percent.

That is because the department of employment security failed to take into consideration those persons whose unemployment compensation payments have become exhausted. That is why these lighter areas on this map of West Virginia do not portray the real picture of unemployment.

In a memorandum especially prepared for me, the U.S. Department of Commerce stated the following:

In the January 1961, issue of the Labor Market and Employment Security, 95,850 persons (November 1960) are listed as receiving unemployment compensation. However, for the Nation as a whole, we are given to understand that the figures in the publication fall about 60 percent short of reflecting the true unemployment picture because of the many persons who have exhausted their unemployment compensation. West Virginia, with its longstanding unemployment problem, has a large number of persons in this category. It would appear reasonable, then, to increase the benefit payment list for the State by 60 percent. The

resulting figure should be a conservative one. This figure is 152,000.

This means, then, that approximately 152,000 persons in West Virginia were unemployed in November 1960. Considering the 1960 labor force at 675,000 persons, the rate of unemployment in November would be almost 22.5 percent.

Which means that the rate of unemployment on the average over the entire State would be 22½ percent, almost as high as the 23 percent shown for my county of Raleigh on this map. On that basis, practically all the counties shown here should be in deepest red, without any of these lighter areas, if persons whose unemployment compensation payments have been exhausted were included in the tabulation.

The Department of Commerce memorandum continues:

It should be noted that individual counties and cities, in many instances, fall above and below this figure since the southern counties and towns are extremely hard hit. The labor market areas of Beckley and Welch, for example, have respectively 23 and 28.9 percent of their labor force unemployed.

Mr. President, an Associated Press release from Charleston last Thursday, March 2, stated that the durable goods industries reported 8,800 fewer workers than a year ago, according to the State department of employment security, and that the mining industry payroll of 47,200 was 12,500 less than the 59,700 miners working in mid-January 1960. Seasonal furloughs in the nonmanufacturing category dropped 18,900 below the working complement of January 1960.

Indeed, the situation has worsened since then—by how much, I do not know. But this I do know: Unemployment, as the distinguished Senator from Illinois so very ably stated a little earlier today, is a social waste, and for a country as rich as ours is in every respect—a country which with ease can pour out billions of dollars annually to help other countries put their unemployed to work—unemployment in this country should be viewed as both a national weakness and a national disgrace.

Speaking of the social waste that is created by unemployment, I should like to refer Senators to some of the pictures which are here on the floor of the Senate Chamber. Here is a picture showing the aftermath of poverty due to unemployment. Of course, this picture does not portray the real social waste that results from unemployment. The real social waste cannot be measured in terms of pictures, in terms of dollars and cents, and in terms of statistics. The social waste of which I am talking is that which comes to the lives of individuals—individuals whose attitudes and outlooks on life are warped by the conditions in which they have to live.

Conditions such as this, in which children are reared, have a devastating effect upon these individuals who will someday be the leaders of this Nation. This kind of social waste truly cannot be measured. On the other side of the Chamber is a picture of a dilapidated bus, an old schoolbus. This bus is the home for a family of four—a man and his wife and two children. This too is

a part of the social waste to which I have referred.

I was advised by the Foreign Operations Subcommittee on Appropriations as late as March 1 that the total moneys available for expenditure by the foreign aid Development Loan Fund—including unexpended, unobligated, and new funds—amount to \$1,721,296,000—more than four times the total amount involved in the bill before us. And whereas these foreign aid moneys will be repaid—if indeed they are ever repaid—in foreign currencies which, in many instances, are not convertible, the loans embraced in Senator Douglas' bill will be paid back to the U.S. Government in U.S. dollars and with interest.

Moreover, the President's contingency fund—unexpended and new funds—will have available for expenditure \$388,695,000 for additional foreign aid, and this does not include technical cooperation funds to be used on a bilateral basis amounting to \$318,417,000 plus technical cooperation moneys channeled through the Organization of American States amounting to \$2,608,000 and technical cooperation moneys to be expended through the U.N. amounting to \$47,400,000. These figures do not include the defense support moneys and special assistance and other categories of foreign aid moneys.

So, Mr. President, having long been cognizant of the needs of peoples in foreign countries, our Government should be equally concerned with the needs of our own people, and we should not be so stinting in the aid we extend to them.

The grass is just as green in West Virginia as it is anywhere else—but not so the pastures of my State's economy. These are a dismal brown from a lack of industrial and financial nourishment. That is why 145,131 persons have left my State during the past 10 years—a loss of 7.2 percent of the State's 1950 recorded population.

That figure of 145,131 persons does not truly reflect the number of persons who have left the State of West Virginia in the past 10 years. The number would probably exceed that by 300 percent, but that is the total population drop in the course of the last 10 years. These people left the beautiful hills and valleys of West Virginia for greener economic pastures, because they were desperate for work after months—and even years—of chronic and persistent unemployment and underemployment.

On the chart to which I am now pointing, which Senators can see, we show in deepest red counties with a population loss amounting to above 20 percent. I see here 10 counties with population losses amounting to more than 20 percent. Counties colored in medium red show population losses amounting to 10 to 20 percent. In counties marked in the lightest red, the population losses amount to 0 to 10 percent. In West Virginia about 12 or 13 counties actually show population increases.

No other State, percentagewise, has been so sadly bled of its human resources. The next nearest State in terms

of population loss is Arkansas, with a drop of 6.5 percent from its 1950 recorded population.

On the chart to which I am now pointing Senators will see a map of West Virginia showing the outmigration, the net loss, by counties, over the period 1950 to 1960. These counties, in the southern-central section, counties which are mining counties, have shown an outmigration amounting to from 30,000 to 50,000 persons in the past 10 years. The other areas—Monongalia, Marion, Harrison, and some of the remaining southern counties, counties in which mining is the predominant industry—show an outmigration amounting to from 10,000 to 20,000 persons over the past 10 years.

Most of the remaining portions of West Virginia show an outmigration per county from 0 to 10,000.

As I indicated a little earlier, the population loss in itself is not the sole and true picture of what we face as a result of chronic unemployment, persistent unemployment, and underemployment in West Virginia.

Much of West Virginia's population loss has been in young adults—the very people for whom economic opportunity should have been available; the very people upon whom the future vitality of any State must rest.

But if these young adults had remained on in my State, it is entirely likely that their numbers would have swelled the ranks of those who presently stand in line for surplus-food packages. Indeed, those ranks are long enough now. Today approximately 300,000 persons in West Virginia must subsist on those meager food packages. Many more are eligible to receive such subsistence, for I have been told by State authorities that if all the West Virginians who really need food packages were to receive them, the total would be in excess of 325,000, or 1 out of every 6 persons in the State's population.

This chart indicates the percentages, by county, of persons eligible for surplus commodities as of the month of October 1960.

These figures have risen since October 1960. However, as of October 1960 there were four counties in West Virginia in which more than 35 percent of the population was eligible for surplus commodities. In the southernmost counties of Mingo and McDowell almost one-half the population was eligible for surplus commodities. Senators can see that in practically all the counties of West Virginia a minimum of from 5 percent to 20 percent of the population was eligible for surplus commodities as of October 1960.

West Virginia is exceeded only by the State of Mississippi among all the 50 States in the percentage of State population receiving surplus food. Mississippi, as of December 1960, shows a figure of 16.1 percent of its total population receiving surplus food, whereas, as of December 1960, 13.8 percent of the population of West Virginia was receiving surplus food commodities.

West Virginia is followed next by Arkansas with 9.1 percent, Oklahoma with 8 percent, Kentucky with 7.7 per-

cent, Arizona with 4.9 percent, New Mexico with 4.8 percent, the District of Columbia with 3.7 percent, Pennsylvania with 3.6 percent, Tennessee with 3.5 percent, Louisiana with 3.3 percent, and Alabama with 3.2 percent. These figures have been supplied by James A. Hutchins, Jr., Chief of the Direct Distribution Branch, Agricultural Marketing Service, U.S. Department of Agriculture.

I join with the Senator from Illinois [Mr. DOUGLAS] in commending our great President of the United States for his vigorous, expeditious, forthright action in making available to the needy families in West Virginia and the other States of the Union a greater variety of surplus commodities.

Mr. President, the food storage houses of the Nation today are bulging with grain, such as could never have been envisioned in the days of Joseph in Egypt. Time after time in the past 8 years when, as a Member of the House of Representatives and later as a Member of this body, I approached the administration then in power, on bended knee, as it were, asking for action to be taken to provide these people with additional commodities and a greater variety of commodities, I was consistently met with the argument that it could not be done.

I join with the distinguished senior Senator from Illinois [Mr. DOUGLAS] in saying: "Thank God we have in the White House lights which are burning again and a President who is responsive to the needs of hungry people."

Mr. DOUGLAS. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. DOUGLAS. In addition to the increasing number of persons receiving surplus food, it is true, is it not, that the dietary has been approximately doubled with respect to the number of calories per day, per person, and that much greater weight has been thrown into the furnishing of proteins, which are so necessary?

Mr. BYRD of West Virginia. That is true.

Mr. DOUGLAS. And is it not correct to say that the previous Secretary of Agriculture and the previous President could have done so by Executive order, but did not do so?

Mr. BYRD of West Virginia. That is preeminently correct. I congratulate the Senator from Illinois, who did such a very able and fine piece of work as chairman of the Depressed Areas Committee. I served as a consultant to that committee, as did my senior colleague from West Virginia [Mr. RANDOLPH], the senior Senator from Pennsylvania [Mr. CLARK], and Representative FLOOD, of Pennsylvania. This was one of the recommendations submitted to the President by that distinguished committee, of which the distinguished senior Senator from Illinois was the chairman. I am proud that the President made as his first action the recognition of the validity of the recommendation and acted in accordance therewith.

Mr. DOUGLAS. Will the Senator from West Virginia corroborate me in a

statement which I think for the sake of history is interesting? The day after inauguration, President Kennedy went to his office, and the first business he did was to double the food ration.

Mr. BYRD of West Virginia. That is correct. We now have a shirt-sleeve President; a President who works night and day in his office, in his shirt sleeves. He is a man who understands the needs of the people in the depressed areas, and he has acted to deal with those needs. We look forward to the future with encouragement and hope.

Mr. President, on the chart to which I point, Senators will see a graph portraying public assistance payments in West Virginia for the period 1949 through 1959. It is easy to see that the amounts have increased steadily over the past 10 years. In 1949, \$16,676,000 was paid to West Virginians in the form of public assistance. In 1959, the amount was \$37,078,000. These figures include Federal, State, and local funds.

The growing void of employment opportunities in my State, and the outmigration of so many of its people, have been taking their toll on other segments of West Virginia's economy. For example, farmer cash income dropped from \$76,439,000 in 1959 to \$73,628,000 in 1960—a loss of almost \$3 million in a 1-year period. Business failures increased from 0.263 per 10,000 businesses in 1958 to 0.327 in 1960, according to Dun & Bradstreet.

Hand in hand with the decline in my State's economy has been the decline in personal per capita income. In 1957, according to the U.S. Department of Commerce, the average per capita personal income for the United States was \$2,052. For the State of West Virginia, that year, the per capita personal income was \$1,633, a difference of \$419 below the national average.

Mr. President, on the chart can be seen a map of West Virginia, giving the per capita income by counties. Senators will see the figures for each of the 55 counties. The counties shown in the deepest red color have incomes well below the national average, per capita incomes ranging from \$900 to \$1,299. The great majority of the counties show a per capita income amounting to from \$1,300 to \$1,699. Counties shown in the lightest red color had a per capita income ranging from \$1,700 to \$2,099.

In 1959, the latest year for which figures are available, the average per capita personal income for the United States rose to \$2,166—an increase of \$114. In that year, the average per capita personal income for West Virginia was \$1,635—an increase of only \$2. Thus, while nationally our people were enjoying better personal incomes, the same was not true of West Virginians, and the gap between national per capita personal income and that of the people of my State widened from \$419 to \$513. It is my understanding that this gap will show a further widening when the 1960 figures are available.

But the real gap between the Nation as a whole and West Virginia, in particular, is in economic opportunity. For

this, there is no simple solution—no simple sum of dollars to appropriate and to offer the State, with best wishes for an early recovery. For this, there is need for a variety of programs—the kind of programs recognized in S. 1, the bill which the senior Senator from Illinois has introduced, and which I and other Senators have cosponsored. We have only to review its several provisions to see how its enactment will help millions of our people to help themselves.

For example, there can be no doubt that one of the best methods of creating employment in a depressed area is to encourage the expansion of employment by employers already in business in the area. These employers may perhaps not be aware of the possibility of diversification and expansion into new lines, or they may not be aware of new markets for their present lines of products. Other employers may not be aware of possible cost reductions that would improve their ability to expand and to hire more people. What is needed in all such instances is technical assistance—the kind provided in S. 1.

Moreover, S. 1 provides technical assistance to communities—assistance which would enable them to study their physical and human resources, and to evaluate their own economic potential. This might entail assistance to find new uses for local natural resources, or aid in developing an inventory of manpower and labor skills, and other kinds of information which may be useful to business or industries seeking new locations. In short, technical assistance can be an important tool in aiding a community's economic recovery.

As a supplement to technical assistance, the bill before us also provides the means for encouraging the expansion of existing businesses in depressed communities, as well as for the establishment of new businesses. It does this by providing employers with needed capital on a long-term, repayment basis, at low interest rates.

If anyone questions the need for this provision in S. 1, he has only to come to my office and examine my file of letters from businesses and industries in West Virginia, which tell of frustrated attempts to get needed working capital or capital for expansion purposes.

I think it will be illuminating to cite the case of the Ravens-Metal Products Corp., of Parkersburg, W. Va., as an example of why enactment of the loan provision of S. 1 is imperative in order to have economic recovery in depressed areas.

Four years ago, shortly after the giant Kaiser Aluminum & Chemical Corp. established its new plant at Ravenswood, W. Va., a new company was formed under the leadership of Mr. Lloyd A. Cook, to fabricate the aluminum produced by the Kaiser plant. The Kaiser Co. itself had expected satellite plants to spring up in West Virginia, just as they had mushroomed near the firm's operations at Spokane, Wash. The new firm took the name of Ravens-Metals Products, Inc., and to begin operations it sold stock to the public.

Those who bought the firm's stock at that time 4 years ago have seen the value of their shares rise from \$10 to \$15. The advance has taken place as a result of steady growth of the business that has required the opening of two new plants, one at Elizabeth and another at Ellenboro.

During the 4 years of its existence, the firm's number of employees has risen from 5 to 55, and its assets have climbed from \$127,000 to \$400,000. Annual sales have leaped from \$37,000 in 1957 to a 1959 total of \$500,000. Its 1960 sales were near the \$750,000 mark.

But with all of this company's human and material assets, and its remarkable record of growth, it still has to go to the public for its financing. It has been unable to negotiate for its needed financing from banks in West Virginia.

Why? It is a well-established fact that conventional lending facilities are inadequate in distressed areas, particularly insofar as long-term, low-interest capital is concerned. Because of longstanding unemployment and underemployment, they cannot meet the challenge of growing companies such as Ravens-Metal Products.

Only one bank in West Virginia has assets reaching \$86 million. The next largest bank has assets of approximately \$78 million. Only 12 banks have assets amounting to more than \$30 million, while all the rest have assets ranging from \$1 to \$25 million. By comparison, I would point out that any of several major banks in the Washington, D.C., metropolitan area have, individually, anywhere from two to three times the assets of the largest bank in West Virginia.

Thus, the loan provisions of S. 1 are essential to the revitalization of depressed areas—particularly in helping the establishment of small plants in my State's mountainous mining areas unsuitable for large industries.

Moreover, the bill provides that such loans be a joint venture on the part of all levels of government and private enterprise. Federal loans would cover, at most, 65 percent of the total capital needed for land and for building a new plant or commercial facility, or for the rehabilitation of a plant. The balance of the needed funds would have to be supplied either by the State, community, or by private capital. This, I submit, is a realistic approach to supplement the inadequate investment capital that exists in distressed areas.

To revitalize distressed areas, we must also help them to rehabilitate their facilities or to build needed new ones. Because of a deteriorated tax base over a long period of chronic unemployment and underemployment, these areas do not have the resources to renew such facilities or to build needed ones without outside help. This kind of helping hand is provided in S. 1 through the establishment of a revolving fund of \$100 million from which communities would be able to borrow funds in order to build industrial parks, improve public facilities, when necessary, and provide industrial water supply or other facilities essential for industry.

In extreme cases of need, S. 1 provides for Federal grants to communities on a matching basis to build such needed facilities, or to rehabilitate existing ones. The extent of the Federal grants, however, would depend upon the ability of the communities and the States to participate in establishing what may be considered essential public facilities.

Another important provision in S. 1 is the recognition it affords to the problem of retraining the unemployed for new job opportunities. The Federal Government has made grants to States for vocational training since 1917, when the Smith-Hughes Act was passed. The Douglas bill provides additional funds to expand such vocational facilities in distressed areas.

Of course, the type of training or retraining that would be provided in economically distressed areas would, in every instance, depend upon the needs of the individual community and the industries it is likely to attract. Through such programs, workers are assured of new job opportunities and industries seeking to locate in depressed areas are assured of trained labor.

I believe a bonus to be accrued from this program—a bonus which will be a real blessing to depressed areas—is that the training or retraining of workers will tend to slow down, or even possibly halt, the outmigration of young people. Certainly, renewed hope in employment opportunities right where they would like to have them—in their own home towns—would of itself be a healthy happening for the morale of our young people.

Mr. President, the central governments of a number of European countries have adopted programs to alleviate and remedy longstanding unemployment problems in certain depressed areas within their borders. Positive steps taken by the British Government trace back to the early 1930's, and Italy, and West Germany's basic laws date back to the early 1950's. Legislation to assist local economic development was adopted in France in 1955, Denmark in 1958, and in Belgium in 1959.

It is interesting to note that in many of the European countries, area assistance programs have become extensive and important precisely at a period of time when employment generally has reached an extremely high level. In those countries where the precursors of the present programs had their inception at a time when high regional unemployment levels prevailed, as in Great Britain in 1934 and in the Federal Republic of Germany in 1951, special area assistance has been maintained in spite of sharp decreases in unemployment in the areas affected.

In other countries such as Belgium and Denmark, special area assistance legislation has been enacted only recently—a time of comparatively full employment. At the time of enactment of the Danish legislation, for example, the national overall unemployment rate was less than 2 percent of the total Danish labor force.

Basically, the current emphasis on area assistance in Europe reflects to a

high degree the viewpoint that particular areas need special aids in order to permit them to contribute their full share to the longrun overall economic progress of the country as a whole. European programs, consequently, should not be viewed narrowly; they are concerned with more than the reduction of the regional incidence of structural unemployment. Their broader objectives are set in terms of natural goals of economic growth. For this reason most European programs attempting to alleviate local or regional unemployment emphasize the movement of industry to the area, rather than the movement of surplus labor away from the area. Sweden, with its battery of labor migration aids, represents the one significant exception.

European regional assistance programs attempt to encourage regional economic growth primarily through four basic types of incentives. These are loans, grants, tax incentives, and government assistance or initiative in site improvement and individual plant construction. Other types of incentives also are employed, such as governmental aids in materials procurement for industries locating in development areas and transportation rebates on government-owned railroads. In the aggregate, however, such incentives are quite minor in importance compared to the four major devices. Not all four of the major regional development incentives are operative in each country. In general, tax incentives, site improvement, and building construction are less common and of less total importance than loans and grants.

Loans normally can be made for many purposes in the assistance areas. Most important are loans to private industrial enterprises for purchase of land, plant construction, and equipment, and loans to public organizations for the expansion or improvement of basic regional or local services, such as transport and utilities. Loans to new industrial enterprises in the development areas cover at least one-half the total cost of plant and equipment. Credit is extended also to existing enterprises in the development areas if these enterprises seek to expand their present facilities. In Belgium, low-interest loans are made to encourage the manufacture of new products by existing firms or the introduction of production techniques of an entirely new character. Less universal, but not uncommon, are loans extended for working capital and for research and development.

While loans to encourage industrial expansion and improvement of basic services are virtually universal in all European area assistance programs, loans are available for still other purposes in Italy and Germany. In southern Italy, loans may be used for such things as reservoir and electrical powerplant construction, for improvement in fishing facilities, and for construction of tourist hotels. In the Federal Republic of Germany, it is significant that the improvement of tourist facilities is regarded as a bona fide purpose for area assistance loans. All types of European area

assistance loans carry moderately long repayment schedules, ranging typically from 15 to 20 years

In European assistance programs, the use of grants as an area development incentive closely parallels the use of loans. Essentially, the same purposes are covered by both devices. Grants are most commonly used to help new industries in the development areas meet part of the costs of land, buildings, and equipment, or to encourage local public organizations to undertake improvements in basic public services such as access roads, water, and utilities. Total grants to incoming manufacturing enterprises are larger than grants for improvements in basic services. Purposes for which grants can be made are broadly interpreted, and may even include costs of transferring machinery from another area, and costs of training labor.

Practically all the current European special area assistance programs have been initiated so recently that definitive appraisal of results is not yet possible, although in some instances, substantial progress is evident.

In Germany, where area assistance legislation has been in existence for 9 years, much longer than that in most countries, the possible effects of the program have been somewhat masked by the dramatic economic changes and the large-scale decline in overall unemployment which have characterized the Federal Republic during the 1950's. Advocates of the area development programs within the Federal Republic have pointed out, however, that the movement of new industries into the assistance areas was facilitated by the improvements in basic community services realized through the aid programs. They suggest that the tax base of the local communities often was too small to have permitted comparable improvements in local facilities without Federal and State—land—aid. It is also suggested that the area aid measures served to check outward labor migration from the distressed areas which, had it continued, would have aggravated the problem of securing improved area economic conditions and might eventually make such areas unattractive to new industries because of labor shortages.

Madam President (Mrs. NEUBERGER in the chair), the countries of Europe have proved that area assistance measures are beneficial. In our own country, necessity dictates that we, too, must act to revitalize our areas of chronic unemployment. The enactment of S. 1 is a responsibility which the 87th Congress cannot ignore. The gravity of the economic decline in our depressed areas is such that any temporizing would be reckless. The Douglas bill is not only a good piece of legislation, its passage into law is vitally necessary. It is the kind of helping hand our economically distressed areas desperately need.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD rose.

Mr. BYRD of West Virginia. Madam President, I yield to the Senator from Montana.

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate concludes its business tonight, it stand in adjournment to meet at 11 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Madam President, I have been discussing the legislative prospects with the chairman of the Committee on Agriculture and Forestry, the minority leader, and other Senators who are interested in the feed grains bill. It was decided that because of the lateness of the hour, and in view of other circumstances it might be advisable, for the remainder of the day, to continue the consideration of the depressed areas bill, and then to displace the bill at the conclusion of business this evening with the feed grains bill, as the unfinished business, which bill could be taken up as soon after the conclusion of the morning hour as possible tomorrow, since it is anticipated four or five amendments will be offered. It is also anticipated there will be a yea-and-nay vote on final passage of the bill.

ORDER OF BUSINESS

Mr. SCOTT. Madam President—

Mr. BYRD of West Virginia. Madam President, I ask unanimous consent that I may be permitted to yield to the Senator from Pennsylvania without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. SCOTT. Mr. President, I inquire whether the Senator from Montana is making a unanimous-consent request.

Mr. MANSFIELD. No. I made a unanimous-consent request that the Senate meet at 11 o'clock tomorrow morning, but I think it would be inadvisable at this time to try to establish a time for termination of debate tomorrow.

Mr. SCOTT. I inquired in order to bring to the attention of the Senate the fact that I have been trying to get recognition all day. I was at one point No. 3 on the list, the highly unofficial list. I solicit the aid of the majority leader in giving me some opportunity to be recognized. Other Senators whose names appeared after mine on the list have been recognized. I wish to speak in regard to the distressed areas bill, and I wish to offer an amendment in the nature of a substitute to the bill.

I think under those circumstances, since we are engaging in unofficial recognition, I should like to be considered as entitled to some courtesy in that regard.

The distinguished Senator from Illinois [Mr. DOUGLAS] is aware of the fact that I have been here all day and that I have indicated to him I hoped I would be able to speak after he concluded.

I am simply raising the question as to whether it is the custom of the Senate

to pay any attention to certain unofficial lists.

Mr. MANSFIELD. Madam President, in response to what the Senator from Pennsylvania has said, I should like to invite to his attention the fact that with the approval of the minority leader at the beginning of the session it was agreed—I think unanimously—that we would do away with such lists. However, may I express the hope, Madam President, that at the conclusion of the remarks by the present speaker the Senator from Pennsylvania may be recognized.

Mr. FULBRIGHT. Madam President—

Mr. SCOTT. I would appreciate it if the Presiding Officer of the Senate would recognize me at that time. I have been available since a quarter to 2, and other Senators have come to the Chamber from time to time since then. I should like to be recognized. Otherwise, I will be constrained to object to unanimous-consent requests under certain circumstances in the future, if it is necessary. I hope the Senator from Montana will understand me—not at this time but, if it is necessary to secure an opportunity to speak on this floor, in the future.

Mr. MANSFIELD. I would express the hope to my distinguished friend from Pennsylvania—

Mr. SCOTT. I appreciate the generosity of the Senator from Montana, who suggested that I be recognized.

Mr. MANSFIELD. Of course, the authority does not rest with the majority leader. The leader does not lead the Senate but is the servant of the Senate, as we both well know. I would hope that the Senator from Pennsylvania would not either by implication or by indirection pose a difficulty as to getting unanimous-consent agreements later, because I think it is a good idea to maintain comity in the Senate insofar as possible.

Mr. SCOTT. I agree with the Senator from Montana. I appreciate the Senator's attitude and generosity. Having striven in various ways to secure some recognition of the fact that I was the third person who asked to speak today, and having now endured the realities of the Senate from a quarter till 2 until 5:25 p.m., I knew of no better way to bring this to the attention of the majority leader. I hope there are ways and means by which a Member of the minority may be recognized.

Mr. ELLENDER. Madam President, will the Senator yield?

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. BYRD of West Virginia. Madam President, I yield the floor.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. SCOTT and Mr. FULBRIGHT addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SCOTT. Madam President, I shall speak very briefly, and at the conclusion of my remarks I shall offer an amendment in the nature of a substitute to S. 1.

Madam President, my bill, which is substantially the same as that introduced in the prior Congress, is a proposed area redevelopment act. It differs in some respects from the bill known as S. 1. It is, however, similar in many ways.

For example, the criteria for area eligibility are the same in both bills. Both bills have been introduced for the same general purpose.

S. 1 would establish an area redevelopment administration. S. 6 would establish such an administration within the Department of Commerce. The President has indicated his preference that such a program be administered within the Department of Commerce. I understand a compromise is or will be offered for the appointment of an area development administrator by the President under the Secretary of Commerce, to be a chairman of an advisory council. I

would think this would probably accomplish substantially the same result, but I am glad the fact that I have pressed this point for such a length of time may have had some influence on the final compromise decision. Certainly the Secretary of Commerce favors the later compromise, which I have mentioned.

The difference in amounts in the two bills is that the so-called Douglas bill (S. 1) provides for a revolving fund or funds with a total of \$100 million for urban areas and \$100 million for other areas, to be financed by the Treasury, the first year expenditures under each fund being limited to \$30 million.

My bill (S. 6) provides for the same amount for industrial areas, \$100 million, but provides \$50 million for rural areas to be financed by appropriations. Maximum Federal participation under S. 1 is 65 percent, and under my bill it is 50 percent. Minimum State or local participation under S. 1 is 10 percent, and under mine it is 15 percent, subordinate to Federal loans. Minimum private participation is 5 percent in both cases. The maximum period in the Douglas bill is 25 years, or 35 years if extended, and in my bill it is 30 years, or 40 years, if extended.

The purpose of the loans under the Douglas bill is the development of land

and facilities, including, in exceptional cases, machinery and equipment for industrial and commercial usage, construction, and improvement of plants. But in my bill it is for land and facilities only.

There are differences in the interest rate proposals and in the methods of approval of the application. The Douglas bill contains grants for public facilities of \$75 million. However, the first year appropriations are limited to \$10 million, a provision which does not appear in my bill. Technical assistance grants are substantially the same—\$4½ million in the Douglas bill and \$4 million in my bill. Both bills provide for vocational training, and both bills provide \$10 million for retraining and subsistence payments.

The other similarities and differences are contained in the chart which was prepared by the Committee on Banking and Currency under date of January 16, 1961, and while there may have been some minor changes since then, if this chart has not yet been introduced, I ask unanimous consent that it may be printed in the RECORD at this point in my remarks.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

AREA REDEVELOPMENT—COMPARATIVE DIGESTS OF S. 1, S. 6, AND S. 9: BIMONTHLY AND ANNUAL AVERAGE UNEMPLOYMENT, MAJOR AREAS; SEMIANNUAL AND ANNUAL AVERAGE UNEMPLOYMENT RATES, SMALLER AREAS

Comparative digests—Area redevelopment bills

Subject	S. 1 (DOUGLAS)	S. 6 (SCOTT)	S. 9 (DIRKSEN)
Title.....	Area Redevelopment Act.	Area Redevelopment Act.	Area Assistance Act of 1961.
Purpose.....	To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.	To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.	To assist areas to develop and maintain stable and diversified economies and create new employment opportunities and for other purposes.
Administration.....	Establishes an Area Redevelopment Administration. Administrator appointed by President and compensated at same rate as assistant secretary of an executive department.	Establishes an Area Economic Redevelopment Administration within the Department of Commerce. Administrator appointed by Secretary and compensated at same rate as Assistant Secretaries.	President appoints an Area Redevelopment Administrator who reports to the Secretary of Commerce and is compensated at same rate as Assistant Secretaries.
Advisory boards.....	Creates an Area Redevelopment Advisory Board (Federal officials); establishes a National Public Advisory Committee of 25 members; and provides for special meetings on industries contributing to high levels of unemployment.	Creates an Area Redevelopment Advisory Board (Federal officials); establishes a National Public Advisory Committee of 25 members; and provides for special meetings on industries contributing to high levels of unemployment.	Creates an Area Assistance Advisory Board (Federal officials).
Criteria for area eligibility:			
(a) Urban areas.....	(a) Redevelopment area where the non-temporary unemployment meets these conditions: (A) Rate is currently 6 percent, and (B) Rate has averaged at least 6 percent: (1) For 3 out of preceding 4 years and has been 50 percent or more above the national average, or (2) For 2 out of preceding 3 years and has been 75 percent or more above the national average, or (3) For 1 out of preceding 2 years and has been 100 percent or more above national average. Areas adversely affected by reduction of trade barriers under Trade Agreements Extension Act of 1951, as amended, are given priority consideration.	(a) Industrial redevelopment areas where the nontemporary unemployment meets these conditions: (A) Rate is currently 6 percent, and (b) Rate has averaged at least 6 percent: (1) For 3 out of preceding 4 years and has been 50 percent or more above the national average, or (2) For 2 out of preceding 3 years and has been 75 percent or more above the national average, or (3) For 1 out of the preceding 2 years and has been 100 percent or more above national average.	(a) Labor market areas where the non-temporary unemployment meets these conditions: 1. Rate is currently 6 percent, and 2. Rate has averaged at least 6 percent: (A) For 3 out of preceding 4 years and has been 50 percent or more above national average, or (b) For 2 out of preceding 3 years and has been 75 percent or more above national average, or (c) For 1 out of preceding 2 years and has been 100 percent or more above national average. (Eligible for loans and technical assistance grants.) No priority for areas adversely affected by foreign trade.
(b) Rural (or other) areas.....	(b) Other areas (rural): Areas with largest number and percentage of low-income families, and substantial and persistent unemployment or underemployment would be designated. Percentage of residents receiving public assistance would be considered along with other factors.	(b) Rural redevelopment areas: Areas with largest number and percentage of low-income families and substantial and persistent unemployment and underemployment.	(b) "1-industry" towns and rural low-income areas. (Eligible for technical assistance grants.)
(c) Other.....	(c) 1 or more States, one or more counties, or one or more municipalities, or a part of a county or municipality. Applicable to eligible areas in all States, District of Columbia, and Puerto Rico. Assistance limited to redevelopment areas.	(c) 1 or more counties, or one or more municipalities or a part of a county or municipality. Applicable to eligible areas in all States and the District of Columbia but not Puerto Rico. Assistance limited to redevelopment areas.	(c) Urban labor market areas. ("1-industry" towns and rural areas are also included for technical assistance grants only.) Applicable to eligible areas in all States, the District of Columbia, and Puerto Rico. Upon request, Administrator may provide technical assistance to any locality without regard to unemployment criteria.

Comparative digests—Area redevelopment bills—Continued

Subject	S. 1 (DOUGLAS)	S. 6 (SCOTT)	S. 9 (DIRKSEN)
Loans for private projects:			
(a) Revolving fund or funds total.....	(a) \$100,000,000 for urban areas, \$100,000,000 for other areas. (Financed by Treasury. First-year expenditures under each fund limited to \$30 million.)	(a) \$100,000,000 for industrial areas and \$50,000,000 for rural areas. (Financed by appropriations.)	(a) \$75,000,000 for urban areas. (Financed by appropriations.)
(b) Maximum Federal participation.....	(b) 65 percent (subordinate to other loans).	(b) 50 percent (may be subordinate to other loans).	(b) 35 percent (may be subordinate to other loans).
(c) Minimum State or local participation.....	(c) 10 percent.	(c) 15 percent (subordinate to Federal loans).	(c) 15 percent (subordinate to Federal loans).
(d) Minimum private participation.....	(d) 5 percent.	(d) 5 percent.	(d) None.
(e) Maximum period.....	(e) 25 years (35, if extended).	(e) 30 years (40, if extended).	(e) 30 years (40, if extended).
(f) Purpose of loans.....	(f) Purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial and commercial usage, construction and improvement of plants.	(f) Land and industrial facilities only.	(f) Land and industrial facilities only.
(g) Interest rate.....	(g) Not greater than the current average yield on outstanding marketable obligations of the United States of comparable maturities, plus one-half of 1 percent (one-fourth percent to be allocated to sinking fund against losses).	(g) Determined by the Secretary.	(g) Rate paid to Treasury plus one-half percent taking into consideration current average market yield of outstanding marketable obligations of the United States having comparable maturities.
(h) Application approved by.....	(h) Agency of State or political subdivision concerned with economic development (or local committee in the absence of such agency), and finding by State or consistency with area economic development program approved by Administrator.	(h) State or agency thereof concerned with economic development, and finding that program is consistent with overall program approved by the Secretary.	(h) State or agency thereof concerned with economic development, and finding that program is consistent with overall program approved by the Secretary.
Loans for public facilities:			
(a) Revolving fund.....	(a) \$100,000,000 (1st-year expenditures limited to \$30,000,000).	(a) \$50,000,000.	(a) None. Amends Housing Act concerning urban renewal projects, urban planning grants and community facilities. Increases authorization for community facilities by \$100,000,000.
(b) Maximum Federal participation.....	(b) 65 percent (subordinate to other loans).	(b) 50 percent.	
(c) Minimum State and local participation.....	(c) 10 percent.	(c) 10 percent.	
(d) Maximum period of loan.....	(d) 40 years (50 years, if extended).	(d) 30 years (40, if extended).	
(e) Interest rate.....	(e) Not greater than average annual interest rates on all interest-bearing obligations of the United States plus $\frac{1}{4}$ of 1 percent.	(e) Determined by the Secretary.	
Grants for public facilities.....	\$75,000,000 (1st-year appropriations limited to \$10,000,000).	None.	None.
Technical assistance grants.....	\$4,500,000 per year.	\$4,000,000 per year.	\$3,500,000 annually for technical assistance grants to eligible urban areas and to "one-industry" towns and low-income areas (on a matching basis) not otherwise eligible for assistance.
Vocational training.....	The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining. Amount of financial assistance to State boards for vocational education not specified.	The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining. Amount of financial assistance to State vocational education agencies not specified.	The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining. Provides \$1,500,000 annually for assistance to State vocational education agencies.
Retraining subsistence payments.....	Secretary of Labor enters into agreement with States to make retraining subsistence payments for up to 16 weeks for those undergoing approved vocational training or retraining; \$10,000,000 authorized.	Secretary of Labor enters into agreement with States to make retraining subsistence payments for up to 16 weeks for those undergoing approved vocational training or retraining; \$10,000,000 authorized.	None.
Housing Act amendments:			
(a) Urban renewal.....	(a) Amends title of the I Housing Act of 1949, as amended, to permit the rehabilitation of blighted industrial and commercial areas.	(a) Amends title I of the Housing Act of 1949, as amended, to facilitate the redevelopment and rehabilitation of blighted industrial and commercial areas in industrial redevelopment areas. Limited to 10 percent of funds authorized for capital grants under the urban renewal program.	(a) Amends title I of the Housing Act of 1949, as amended, to facilitate the redevelopment and rehabilitation of blighted industrial and commercial areas in areas of substantial and persistent unemployment. Limited to 10 percent of funds authorized for capital grants under the urban renewal program after June 30, 1960.
(b) Community facilities.....	(b) None.	(b) None.	(b) Amends title II of Housing Amendments of 1955 to give priority consideration to applications for financing needed public facilities in areas of substantial and persistent unemployment. Increases authorization for community facilities by \$100,000,000.
(c) Urban planning grants.....	(c) Amends section 701 of the Housing Act of 1954, as amended, to extend urban planning assistance grants to cities, other municipalities, and counties located within redevelopment areas.	(c) Amends section 701 of the Housing Act of 1954, as amended, to extend urban planning and assistance grants to cities, other municipalities, and counties located within industrial redevelopment areas. No priority for areas adversely affected by foreign trade.	(c) Amends section 701 of the Housing Act of 1954, as amended, to extend urban planning and assistance grants to cities, other municipalities, and counties located within areas of substantial and persistent unemployment.
Authorizations contained in bills:			
Loans:			
Private projects (urban areas).....	\$100,000,000 (\$30,000,000, first year).	\$100,000,000.	\$75,000,000. ²
Private projects (rural areas).....	\$100,000,000 (\$30,000,000, first year).	\$50,000,000.	(1).
Public facilities.....	\$100,000,000 (\$30,000,000, first year).	\$50,000,000.	
Grants:			
Public facilities.....	\$75,000,000 (\$10,000,000, first year).	\$4,000,000.	\$3,500,000.
Technical assistance (annually).....	\$4,500,000.	\$10,000,000.	
Retraining subsistence payments.....	\$10,000,000 (annually).		\$1,500,000.
Vocational training (annually).....			

¹ Authorization for increase of \$100,000,000 for Community Facilities Administration loans.

² No loans or technical assistance grants may be made " * * if it is reasonable to believe that any persons who will benefit, directly or in-

directly, from such assistance engage in, urge, seek, or promote any restrictive work practices."

Source: Committee on Banking and Currency, Subcommittee on Production and Stabilization, U.S. Senate, Jan. 16, 1961.

Bimonthly and annual average unemployment rates, major areas classified as areas of substantial labor surplus, January 1956 and November 1960

	1956						1957						1958					
	Jan.	Mar.	May	July	Sept.	Nov.	Jan.	Mar.	May	July	Sept.	Nov.	Jan.	Mar.	May	July	Sept.	Nov.
Alabama:																		
Birmingham.....	3.4	3.4	3.3	5.1	4.7	3.5	4.1	4.1	3.2	3.3	5.3	5.6	6.9	7.4	7.5	7.8	7.2	7.2
Mobile.....	5.4	4.3	3.9	4.0	3.1	3.5	4.0	3.7	3.6	3.9	3.9	4.4	5.4	6.9	7.7	7.2	6.7	6.9
California:																		
Los Angeles-Long Beach.....	3.1	2.8	2.7	2.9	2.3	2.1	2.7	2.7	2.5	3.2	2.9	3.5	5.7	6.8	6.8	6.7	6.2	5.3
San Bernardino-Riverside-On-																		
tario.....	4.8	3.9	3.5	3.6	3.0	3.7	3.3	3.1	3.2	3.8	2.7	3.5	5.6	7.1	6.1	6.3	5.3	4.8
San Diego.....	4.2	4.0	2.8	3.0	2.3	2.3	2.0	2.0	1.6	2.5	2.6	3.1	4.5	5.4	4.9	4.7	3.8	3.3
Connecticut:																		
Bridgeport.....	2.0	2.3	2.0	3.0	2.1	1.8	3.2	3.1	2.9	4.0	4.1	6.0	9.4	10.1	12.2	12.5	10.9	9.5
New Britain.....	2.1	2.2	1.8	2.9	2.3	2.8	3.5	3.8	3.0	4.0	3.9	5.1	8.9	10.8	12.9	13.7	11.2	10.1
New Haven.....	2.1	1.3	1.2	2.1	1.2	1.3	2.8	2.2	1.8	3.06	2.1	2.8	5.5	6.7	7.3	8.7	6.9	6.3
Waterbury.....	2.5	2.6	2.2	4.4	2.8	3.8	5.8	5.7	4.5	6.3	4.5	5.2	9.3	10.2	13.2	13.8	10.1	8.8
Georgia: Columbus.....	3.5	3.4	2.8	3.3	4.2	4.4	4.2	4.2	3.6	4.2	3.9	4.5	6.5	7.5	6.5	7.2	5.4	5.3
Illinois:																		
Chicago.....	2.8	2.6	2.6	2.9	2.3	2.2	3.1	3.0	3.2	3.2	2.7	3.4	5.7	7.8	8.3	8.8	7.1	6.7
Peoria.....	3.0	2.6	3.1	3.1	2.1	1.9	3.5	2.5	2.5	2.7	1.9	3.8	8.1	9.6	9.1	9.9	6.7	6.7
Indiana:																		
Evansville.....	8.8	10.7	6.8	7.9	11.7	7.5	6.9	5.8	5.3	5.9	9.1	7.5	10.3	11.1	10.6	11.6	9.9	9.1
Fort Wayne.....	2.6	2.8	2.6	3.1	3.0	2.7	3.9	4.1	3.9	4.5	4.9	5.3	7.6	12.2	10.0	9.1	7.1	6.4
Gary-Hammond-East Chicago 1																		
Indianapolis.....	2.5	2.9	2.3	3.0	2.4	2.6	3.6	3.3	3.1	3.5	3.3	3.8	5.7	7.3	6.8	7.7	6.1	5.8
South Bend.....	5.4	6.4	8.0	8.0	9.1	3.9	5.8	5.1	5.1	5.4	4.4	5.1	10.3	16.1	16.7	16.2	12.5	8.5
Terre Haute.....	13.6	12.5	12.0	11.0	9.3	9.2	7.5	7.0	8.8	9.0	6.3	7.7	9.5	10.3	8.1	7.8	6.8	8.6
Kentucky: Louisville.....	4.8	4.9	4.1	5.0	4.2	4.9	6.1	5.7	5.2	5.7	5.0	6.0	8.1	9.5	9.3	10.0	7.0	7.1
Louisiana: Baton Rouge.....	3.4	3.9	3.0	3.0	2.5	2.4	2.5	2.6	2.2	2.5	2.2	2.0	3.9	3.8	3.6	5.2	4.8	5.1
Maine: Portland.....	6.3	6.4	4.6	2.8	2.7	3.7	5.4	5.5	4.1	3.3	4.1	6.3	9.5	10.5	8.4	6.3	5.9	6.8
Maryland: Baltimore.....	3.6	3.2	2.6	3.3	2.6	2.3	3.1	2.5	2.9	3.1	2.9	3.7	6.6	7.3	7.2	7.8	7.2	6.4
Massachusetts:																		
Brockton.....	5.1	4.8	4.4	5.1	3.0	4.1	6.5	5.9	4.9	5.7	4.4	5.5	9.0	9.9	8.9	10.3	6.6	7.0
Fall River.....	5.9	5.2	6.9	8.1	6.0	5.6	10.1	10.2	12.2	14.4	8.7	7.8	12.0	13.6	15.0	15.7	8.7	8.9
Lawrence-Haverhill.....	12.1	11.9	10.3	9.3	8.2	8.6	11.1	9.1	9.3	9.1	6.8	8.3	10.8	10.9	10.1	12.1	9.1	9.5
Lowell.....	7.1	7.1	6.8	6.5	6.7	6.0	9.0	8.6	6.6	6.9	4.3	6.7	11.9	13.3	11.6	11.8	8.5	9.1
New Bedford.....	7.7	6.3	6.0	6.9	4.5	5.1	8.3	8.1	5.4	8.1	4.1	5.4	10.9	12.4	11.7	12.2	8.4	9.1
Springfield-Holyoke.....	3.6	3.9	3.6	3.6	2.8	2.9	4.4	4.8	4.5	5.4	4.4	5.5	7.8	8.4	8.3	8.5	7.4	8.3
Worcester.....	3.7	3.5	2.7	2.5	2.1	2.5	4.9	4.5	3.3	4.0	3.6	4.6	8.2	9.5	9.2	9.1	8.1	9.0
Michigan:																		
Battle Creek.....	4.8	4.4	2.9	3.1	3.1	4.6	4.2	3.8	4.0	3.4	3.6	7.8	8.6	8.6	9.3	3.6	6.7	6.2
Detroit.....	4.0	8.0	8.7	9.4	11.2	5.3	5.9	6.1	6.8	7.5	9.6	8.0	12.5	16.5	18.4	19.3	18.1	14.7
Flint.....	3.0	3.5	8.6	10.2	11.7	2.5	3.0	5.4	9.8	17.9	19.5	2.6	5.1	13.8	18.4	24.2	14.6	7.8
Grand Rapids.....	2.5	4.3	4.5	5.6	5.5	3.6	5.4	6.5	7.6	8.2	8.6	7.9	11.1	12.6	14.0	15.4	10.8	9.4
Lansing.....	2.4	3.0	6.6	8.3	7.1	3.5	3.5	3.4	3.9	7.7	8.7	4.1	5.5	7.3	10.2	12.8	10.5	6.7
Muskegon-Muskegon Heights.....	3.6	5.3	5.7	8.7	7.8	6.8	7.9	7.5	7.6	9.3	9.9	10.0	11.6	12.4	14.5	15.7	12.7	12.2
Saginaw.....	2.5	3.6	5.9	6.2	10.5	2.7	3.4	3.9	3.9	4.2	10.2	3.2	6.0	9.3	11.3	11.3	8.0	6.3
Minnesota:																		
Duluth-Superior.....	8.5	8.0	3.7	5.5	2.7	2.9	5.8	7.6	4.1	3.7	3.7	4.9	11.3	13.7	12.4	11.0	8.6	10.5
Minneapolis-St. Paul.....	4.3	4.3	2.9	2.6	2.3	2.7	4.2	4.5	3.1	3.0	2.7	3.7	7.1	7.9	6.0	5.7	5.2	4.8
Missouri:																		
Kansas City.....	6.4	6.7	6.2	6.1	6.0	5.7	5.1	4.9	4.7	5.3	4.6	4.2	6.8	7.6	6.3	6.5	5.9	5.0
St. Louis.....	4.5	4.1	3.9	4.3	3.9	4.0	4.7	4.6	4.3	4.1	3.8	4.9	7.8	9.2	8.5	8.4	7.5	6.6
New Jersey:																		
Atlantic City.....	15.4	13.9	8.2	4.9	4.5	9.8	16.8	13.2	8.2	4.4	3.9	9.9	17.1	15.6	10.1	6.5	6.3	11.9
Jersey City 1.....																		
Newark.....	5.6	5.5	4.9	5.3	4.0	3.9	5.3	4.8	4.9	5.7	4.8	5.1	7.9	8.5	8.7	9.1	8.2	7.4
New Brunswick-Perth Amboy.....	4.7	4.3	3.9	4.8	3.4	3.2	4.0	4.2	4.1	5.1	3.8	4.3	7.8	9.6	9.7	8.9	7.2	6.9
Paterson-Clifton-Passaic.....	5.8	5.3	5.6	5.8	4.5	4.3	6.0	5.4	5.7	5.8	4.6	5.6	9.2	9.9	10.0	9.6	8.0	7.2
Trenton.....	6.1	6.0	5.4	6.9	5.0	4.7	6.1	6.0	5.4	5.9	4.8	5.5	8.8	10.0	9.6	9.1	7.8	7.2
New York:																		
Albany-Schenectady-Troy.....	5.7	4.3	3.1	3.3	2.5	2.8	4.3	4.5	3.4	3.7	3.2	4.2	6.6	7.3	7.1	7.5	6.3	6.7
Binghamton.....	4.6	4.6	2.9	2.8	2.4	2.7	3.6	3.5	2.1	2.4	2.0	2.9	4.8	5.9	5.3	7.2	6.5	6.5
Buffalo.....	4.4	4.9	3.7	4.3	4.0	2.9	4.0	4.2	4.4	4.9	4.7	4.5	8.0	11.3	12.2	12.6	10.9	10.9
New York.....	5.5	5.2	5.6	5.5	4.1	4.4	5.8	5.0	5.3	5.8	4.3	5.2	7.7	7.6	7.9	7.9	6.8	6.6
Syracuse.....	4.2	4.5	3.2	3.8	2.1	1.9	3.1	4.3	3.3	4.1	4.1	3.9	7.2	8.2	8.4	9.2	7.2	6.7
Utica-Rome.....	8.0	6.9	4.9	5.2	3.8	3.9	6.8	6.0	4.1	5.0	4.2	6.4	10.6	11.8	11.0	11.6	8.2	9.0
North Carolina:																		
Asheville.....	7.5	7.9	6.1	6.9	6.2	5.9	7.6	7.5	5.7	7.4	6.2	6.9	8.7	9.4	8.2	8.2	6.8	7.4
Durham.....	6.3	7.6	6.4	6.9	3.4	3.6	6.1	7.6	7.7	7.7	4.9	6.0	8.5	9.1	9.4	10.1	6.0	5.4
Greensboro-High Point.....	3.8	3.8	4.6	4.2	4.1	3.4	4.3	4.6	5.3	4.8	4.0	3.7	5.2	6.1	6.4	4.5	4.0	3.8
Ohio:																		
Akron.....	2.6	2.7	2.2	2.5	2.1	2.3	2.6	2.7	2.2	2.1	1.7	2.4	4.2	6.3	6.5	6.9	6.0	5.5
Canton.....	2.6	2.6	2.4	2.4	1.5	1.7	3.5	3.7	3.6	3.5	3.4	6.0	8.8	10.7	11.0	9.2	7.9	6.5
Cleveland.....	3.2	3.5	2.8	2.9	2.5	2.4	3.1	3.5	2.4	2.7	2.9	3.7	6.1	8.4	8.9	8.6	7.0	5.8
Dayton.....	2.9	2.8	3.2	3.3	3.0	2.7	3.5	4.1	4.0	4.4	4.1	4.3	4.8	6.3	6.9	7.0	5.5	4.0
Hamilton-Middletown.....	2.9	2.6	2.4	2.8	2.2	2.2	3.2	4.1	3.7	3.9	4.3	4.7	6.1	8.3	7.8	7.2	6.0	5.7
Lorain-Elyria.....	2.7	3.0	2.7	3.4	2.7	2.5	3.7	3.3	3.0	3.0	2.8	6.1	12.4	15.8	18.2	14.5	12.0	10.8
Steubenville-Weirton 1.....																		
Toledo.....	4.2	6.3	5.5	6.3	4.8	3.4	4.2	3.9	4.3	4.3	3.9	4.9	6.8	9.3	9.5	9.6	7.3	6.7
Youngstown-Warren.....	3.3	3.1	2.2	3.0	2.1	2.0	3.1	2.9	2.9	3.5	3.2	5.4	10.0	11.9	12.6	11.3	10.0	8.3
Oregon: Portland.....	6.7	6.2	3.3	2.9	2.3	4.5	7.1	6.7	4.2	4.1	4.2	7.0	10.5	10.0	7.5	5.8	5.2	6.3

Footnotes at end of table.

Bimonthly and annual average unemployment rates, major areas classified as areas of substantial labor surplus, January 1956 and November 1960—Continued

	1959						1960						Annual averages				
	Jan.	Mar.	May	July	Sept.	Nov.	Jan.	Mar.	May	July	Sept.	Nov.	1956	1957	1958	1959	1960
Alabama:																	
Birmingham.....	7.0	6.5	5.4	6.0	6.8	7.1	5.8	5.6	5.8	6.4	6.4	7.8	3.7	4.3	7.3	6.5	6.3
Mobile.....	6.3	6.3	5.5	5.6	5.1	5.5	6.1	6.2	4.9	5.8	4.9	6.3	4.0	3.9	6.8	5.7	5.7
California:																	
Los Angeles-Long Beach.....	5.8	5.3	4.5	4.5	3.8	3.9	4.7	5.1	5.1	5.8	5.5	5.8	2.7	2.9	6.3	4.6	5.3
San Bernardino-Riverside-Ontario.....	5.3	5.1	3.8	4.5	4.0	4.4	5.2	5.5	5.1	6.1	5.7	6.6	3.8	3.3	5.8	4.5	5.7
San Diego.....	4.1	4.0	3.2	3.6	3.3	3.6	4.8	6.0	5.7	6.7	6.9	6.7	3.1	2.3	4.4	3.6	6.1
Connecticut:																	
Bridgeport.....	11.4	9.6	7.5	8.4	5.1	5.2	7.5	6.8	6.5	7.6	6.3	6.3	2.2	3.9	10.8	7.9	6.8
New Britain.....	10.4	8.6	7.3	7.1	5.6	5.7	6.9	6.4	6.8	8.3	7.3	8.2	2.3	3.9	11.3	7.5	7.3
New Haven.....	7.9	6.7	4.7	4.9	3.4	3.7	5.4	5.0	4.3	5.1	4.1	4.5	1.5	2.5	6.9	5.2	4.7
Waterbury.....	10.1	7.8	5.3	6.8	3.8	4.3	5.9	7.6	7.5	8.5	6.4	7.5	3.1	5.3	10.9	6.4	7.2
Georgia: Columbus.....	5.8	5.4	4.3	4.3	3.7	4.0	5.0	5.3	4.4	4.9	4.4	4.6	3.6	4.1	6.4	4.6	4.8
Illinois:																	
Chicago.....	7.3	6.7	5.2	5.0	3.9	4.1	4.7	4.9	4.3	5.2	4.5	5.2	2.6	3.1	7.4	5.4	4.8
Peoria.....	5.4	4.3	2.8	3.1	1.6	9.9	3.8	4.4	3.3	5.9	5.9	6.4	2.6	2.8	8.4	4.5	5.0
Indiana:																	
Evansville.....	9.7	9.1	6.4	6.9	7.8	8.7	8.6	8.7	6.1	6.4	5.9	6.5	8.9	6.8	10.4	8.1	7.0
Fort Wayne.....	7.3	5.9	4.5	4.2	3.5	5.1	4.4	4.0	4.7	5.2	4.7	6.6	2.8	4.4	8.7	5.1	4.9
Gary-Hammond-East Chicago ¹	7.3	5.8	4.3	4.1	6.5	6.7	4.9	4.3	3.9	6.3	5.5	8.8				5.9	5.6
Indianapolis.....	6.3	5.6	3.9	4.3	3.4	4.4	4.5	4.8	3.7	4.7	4.3	4.9	2.6	3.4	6.6	4.7	4.5
South Bend.....	7.4	6.2	4.7	4.5	3.8	5.2	4.8	5.7	5.0	9.0	5.9	6.4	6.8	5.2	13.4	5.3	6.1
Terre Haute.....	10.3	9.2	6.8	6.1	5.8	7.0	7.9	8.8	6.4	6.5	6.5	7.3	11.3	7.7	8.5	7.5	7.2
Kentucky: Louisville.....	8.2	7.2	5.8	6.3	5.1	6.7	7.2	7.5	5.8	6.6	5.6	7.2	4.7	5.6	8.9	6.6	6.7
Louisiana: Baton Rouge.....	6.1	5.6	5.3	6.1	6.1	6.8	6.8	7.0	6.9	6.7	6.7	7.2	3.0	2.3	4.4	6.0	6.9
Maine: Portland.....	9.9	10.0	5.1	4.7	4.3	5.9	7.5	7.6	5.7	4.8	4.4	5.9	4.4	4.8	7.9	6.7	6.0
Maryland: Baltimore.....	7.9	7.2	5.2	5.3	5.4	5.9	6.1	6.6	5.2	5.4	5.0	5.8	2.9	3.0	7.1	6.2	5.7
Massachusetts:																	
Brockton.....	8.4	8.5	6.4	7.6	6.0	5.5	8.4	8.4	7.4	9.4	5.8	6.2	4.4	5.8	8.6	7.1	7.6
Fall River.....	11.3	8.4	7.1	9.6	5.9	7.2	11.2	9.9	8.2	11.4	7.7	8.5	6.3	10.6	12.3	8.3	9.5
Lawrence-Haverhill.....	9.5	8.6	6.4	8.4	5.2	5.7	7.8	6.7	6.4	8.7	5.6	6.3	10.1	9.0	10.4	7.3	6.9
Lowell.....	11.4	11.1	8.9	9.7	6.3	6.7	9.7	10.2	8.8	9.7	7.2	7.2	6.7	7.0	11.0	9.0	8.8
New Bedford.....	12.8	12.2	8.1	9.8	5.6	7.0	10.1	9.4	7.5	10.8	8.2	8.8	6.1	6.6	10.8	9.1	9.1
Springfield-Holyoke.....	8.5	7.7	6.2	7.1	5.3	5.7	7.9	7.6	7.0	7.4	6.6	6.9	3.4	4.8	8.1	6.8	7.2
Worcester.....	9.6	8.5	5.9	6.5	5.6	5.3	6.9	6.4	5.2	5.6	4.9	6.3	2.8	4.2	8.9	6.9	5.9
Michigan:																	
Battle Creek.....	6.9	4.7	3.6	2.3	2.6	6.3	7.0	7.4	6.7	5.5	4.4	6.8	3.8	4.5	7.2	4.4	6.3
Detroit.....	13.9	13.5	9.1	9.2	7.7	11.1	6.7	7.2	7.1	8.6	6.9	7.3	7.8	7.3	16.6	10.8	7.3
Flint.....	6.7	9.7	11.1	10.7	6.5	27.5	4.7	6.2	6.6	9.3	5.3	2.4	6.6	9.7	14.0	12.0	5.8
Grand Rapids.....	9.7	8.6	6.1	6.4	2.7	5.8	4.3	5.4	5.5	6.5	4.8	5.2	4.3	7.4	12.2	6.6	5.3
Lansing.....	6.0	6.2	4.3	6.2	6.0	15.5	5.4	5.4	4.2	5.4	4.0	4.0	5.2	5.2	8.8	7.4	4.7
Muskegon-Muskegon Heights.....	11.9	9.9	6.4	7.5	6.3	5.8	6.4	5.3	5.5	9.6	9.4	10.6	6.3	8.7	13.2	8.0	7.8
Saginaw.....	6.5	5.9	4.6	3.7	3.4	19.2	4.2	4.5	4.6	4.9	4.0	4.8	5.2	4.8	8.0	7.2	4.5
Minnesota:																	
Duluth-Superior.....	14.0	13.2	8.2	7.8	8.1	7.5	11.0	11.0	7.2	6.3	5.9	8.1	5.2	5.0	11.3	9.8	8.3
Minneapolis-St. Paul.....	6.3	5.8	3.5	3.3	2.9	3.5	5.3	5.3	3.5	3.7	3.1	4.0	3.2	3.5	6.1	4.2	4.2
Missouri:																	
Kansas City.....	7.4	6.1	4.1	4.4	5.1	7.1	7.1	7.9	8.2	8.3	6.0	6.1	6.2	4.8	6.4	5.7	7.3
St. Louis.....	7.6	6.4	4.2	5.1	4.8	5.9	6.5	6.8	5.2	5.1	4.9	5.8	4.1	4.4	8.0	5.7	5.7
New Jersey:																	
Atlantic City.....	17.9	14.8	8.1	5.7	4.6	9.3	15.0	15.3	7.6	5.6	5.3	11.2	9.4	9.4	11.3	10.1	10.0
Jersey City ¹				7.1	6.2				6.9	7.6	6.3	6.7				6.7	6.9
Newark.....	8.8	7.9	6.5	6.6	5.1	5.2	6.6	6.2	5.8	6.5	5.4	5.9	4.9	5.1	8.3	6.7	6.1
New Brunswick-Perth Amboy.....	7.9	7.1	5.4	6.2	4.6	5.1	6.9	6.5	5.1	6.2	5.0	5.7	4.1	4.3	8.4	6.1	5.9
Paterson-Clifton-Passaic.....	9.0	7.8	6.6	7.2	5.6	5.1	7.2	7.2	6.5	7.6	5.6	6.2	5.2	5.5	9.0	6.9	6.7
Trenton.....	8.9	7.9	5.6	5.8	5.6	6.9	6.8	6.9	4.9	6.8	5.7	6.0	5.7	5.6	8.8	6.8	6.2
New York:																	
Albany-Schenectady-Troy.....	8.8	8.7	6.7	6.1	5.9	6.6	7.6	8.2	6.1	7.0	5.7	6.7	3.6	3.9	6.9	7.1	6.9
Binghamton.....	7.2	6.5	4.4	4.4	3.8	4.5	5.4	6.3	5.2	4.3	4.4	4.4	3.3	2.8	6.0	5.1	5.0
Buffalo.....	11.7	10.9	8.7	8.3	7.7	9.7	8.8	8.7	7.0	8.2	7.5	8.5	4.0	4.5	11.0	9.5	8.1
New York.....	8.2	7.3	6.4	6.2	4.2	4.7	6.6	5.9	5.3	6.0	4.9	5.4	5.1	5.2	7.4	6.2	5.7
Syracuse.....	8.6	8.7	5.6	5.6	4.4	5.7	6.5	6.5	5.1	6.0	5.4	6.0	3.3	3.8	7.8	6.4	5.9
Utica-Rome.....	11.1	10.5	7.6	7.7	6.6	7.5	9.9	9.5	7.4	8.1	6.2	8.1	5.5	5.4	10.4	8.5	8.2
North Carolina:																	
Asheville.....	8.3	7.6	5.0	4.8	4.3	5.6	6.6	6.8	4.4	5.4	5.5	6.5	6.8	6.9	8.1	5.9	5.9
Durham.....	7.3	6.6	6.8	6.5	3.7	4.3	6.3	7.1	6.5	5.8	3.2	4.5	5.7	6.7	8.1	5.9	5.7
Greensboro-High Point.....	4.8	4.1	3.0	2.8	2.5	2.3	3.9	4.2	3.4	3.9	3.3	4.6	4.0	4.5	5.5	3.3	3.9
Ohio:																	
Akron.....	5.4	4.9	3.1	3.2	2.4	3.9	4.9	5.5	4.6	4.9	5.1	6.1	2.4	2.3	5.9	3.8	5.2
Canton.....	6.1	5.2	3.4	3.0	3.5	4.2	3.5	4.0	4.9	7.3	6.2	8.6	2.2	4.0	9.0	4.2	5.8
Cleveland.....	6.6	5.8	3.6	4.0	3.5	4.9	4.5	5.2	4.0	5.1	5.0	6.3	2.9	3.1	7.5	4.7	5.0
Dayton.....	4.4	3.5	2.1	1.8	2.1	3.1	3.8	4.4	3.4	4.4	4.1	4.6	3.0	4.1	5.8	2.8	4.1
Hamilton-Middletown.....	6.1	5.1	4.1	4.5	3.7	6.2	5.0	6.1	5.0	6.8	7.2	8.4	2.5	4.0	7.0	5.0	6.4
Lorain-Elyria.....	11.3	7.9	4.1	4.0	3.5	5.1	4.5	4.3	6.5	7.7	7.6	9.7	2.8	3.7	14.0	6.0	6.7
Steubenville-Weirton ¹	5.2	5.4	3.0	3.0	3.4	4.9	7.3	5.2	3.7	5.5	6.1	7.3				4.2	5.9
Toledo.....	7.9	7.3	5.8	5.0	3.7	4.9	4.9	5.2	4.3	5.4	4.8	5.6	5.1	4.3	8.2	5.8	5.0
Youngstown-Warren.....	7.7	4.8	2.5	4.4	5.5	6.6	4.5	4.8	5.9	9.2	10.1	11.4	2.6	3.5	10.7	5.3	7.7
Oregon: Portland.....	7.9	6.4	4.0	3.4	3.0	4.4	6.1	5.4	4.0	4.1	3.9	6.0	4.3	5.6	7.6	4.9	4.9

Footnotes at end of table.

Bimonthly and annual average unemployment rates, major areas classified as areas of substantial labor surplus, January 1956 and November 1960—Continued

	1956						1957						1958					
	Jan.	Mar.	May	July	Sept.	Nov.	Jan.	Mar.	May	July	Sept.	Nov.	Jan.	Mar.	May	July	Sept.	Nov.
Pennsylvania:																		
Allentown-Bethlehem-Easton...	2.9	2.3	3.0	4.0	2.2	2.0	4.4	3.8	2.6	4.1	2.3	3.5	6.1	7.5	7.9	9.1	8.1	8.5
Altoona	6.7	6.8	7.4	14.9	9.5	8.1	9.1	9.4	9.9	11.7	10.4	11.7	13.4	16.5	17.0	18.0	17.2	16.5
Erie	7.5	6.5	4.7	4.8	3.9	4.2	6.1	6.2	5.9	6.9	6.1	8.5	12.2	12.4	13.8	13.8	11.9	12.9
Johnstown	10.1	8.5	7.4	12.2	6.8	6.6	7.4	7.0	6.6	5.7	5.7	7.1	11.8	13.8	15.6	17.9	17.4	16.9
Philadelphia	6.3	6.5	6.1	5.8	4.4	4.3	5.6	5.5	5.6	5.8	4.8	5.1	7.6	8.4	7.8	8.2	7.4	6.8
Pittsburgh	5.5	5.0	3.8	5.7	3.7	3.8	4.9	4.4	3.7	4.4	3.7	5.5	9.6	11.8	10.9	12.1	10.7	11.4
Reading	4.0	4.2	4.2	5.1	3.5	3.2	4.4	4.6	4.7	5.3	4.8	4.2	7.5	10.4	9.7	8.9	7.2	6.0
Scranton	13.8	11.8	10.8	10.7	9.5	9.6	11.2	11.0	10.2	11.0	11.3	12.5	15.3	16.6	16.7	17.8	15.5	15.4
Wilkes-Barre-Hazleton	12.5	12.6	13.6	14.5	11.8	11.2	10.6	11.7	11.8	11.9	10.0	12.2	15.7	17.0	16.4	17.3	15.5	15.4
York	5.3	4.8	4.1	4.6	4.2	4.4	5.6	5.9	6.1	6.3	5.3	5.9	7.9	7.8	7.4	7.6	6.5	7.4
Rhode Island: Providence-Pawtucket	8.5	8.8	9.0	8.4	6.9	6.5	9.3	10.3	10.0	10.1	8.7	10.3	13.8	14.7	15.1	13.1	10.7	9.8
Tennessee:																		
Chattanooga	5.0	5.7	5.7	5.9	5.9	5.4	6.0	6.0	5.6	6.1	6.1	6.3	7.9	8.3	9.0	8.3	6.7	7.0
Knoxville	7.3	8.7	7.6	7.6	5.6	4.8	5.9	7.3	6.7	8.0	6.6	7.2	11.0	11.8	10.5	10.7	7.8	7.1
Memphis	4.8	4.8	4.2	4.6	4.1	4.4	5.6	5.6	5.0	5.2	4.7	4.9	7.0	7.4	7.8	7.8	7.0	6.5
Texas:																		
Beaumont-Port Arthur	4.6	5.4	5.7	4.5	3.6	3.8	4.4	5.7	4.8	4.7	3.4	4.3	6.1	8.5	9.1	10.6	10.9	10.3
Corpus Christi	6.3	5.8	5.3	4.6	4.2	4.6	5.7	5.6	4.9	4.5	3.6	5.0	6.5	7.8	7.3	7.9	6.4	6.1
Fort Worth	4.2	4.4	4.2	4.4	3.7	4.1	5.0	5.0	4.9	5.7	5.9	6.4	7.1	7.1	7.0	7.0	5.7	5.5
Houston	3.2	3.2	3.5	3.7	3.4	3.2	3.3	3.3	3.4	3.6	3.2	3.8	4.9	6.2	6.4	6.6	6.5	5.6
Virginia: Roanoke	3.5	3.7	3.2	3.0	2.7	2.2	2.9	2.8	2.4	2.5	2.9	3.4	5.3	7.0	8.0	8.0	7.5	8.8
Washington:																		
Spokane	8.4	8.0	3.1	2.5	2.2	4.8	8.2	7.8	4.5	3.8	4.2	7.8	12.1	11.4	8.7	7.2	7.4	8.5
Tacoma	6.4	6.0	3.5	3.5	2.8	4.7	7.0	6.1	3.5	3.4	4.1	6.7	10.4	10.7	8.0	6.6	6.3	7.5
West Virginia:																		
Charleston	10.8	9.4	8.6	8.1	7.4	7.6	8.8	7.9	7.8	8.6	7.4	8.4	10.6	11.6	12.4	12.6	10.7	10.1
Huntington-Ashland	6.0	6.2	6.1	6.8	4.8	4.9	5.8	6.1	5.7	6.4	4.9	6.6	11.1	13.3	15.6	15.3	14.3	13.0
Wheeling	5.1	4.8	3.8	5.0	3.8	4.0	5.6	5.2	4.9	5.3	4.3	6.0	11.0	13.3	13.1	12.1	10.9	10.5
Wisconsin:																		
Kenosha	2.2	2.0	9.9	11.5	7.2	17.0	7.2	6.6	7.0	6.4	5.4	5.4	6.5	9.1	7.5	6.4	4.4	3.5
Milwaukee	2.6	2.5	1.9	2.7	1.5	1.9	2.9	3.0	2.3	3.3	2.3	3.0	4.8	6.1	6.4	7.3	6.3	5.2
Racine	2.9	2.6	3.3	6.7	5.7	6.8	6.4	6.3	5.0	5.3	4.6	5.1	7.7	7.3	7.0	9.6	7.5	5.9

¹ Recently defined major labor market area. Data not available for periods earlier than those shown on the table.

NOTE 1.—Annual averages for major areas generally based upon data for 6 bimonthly reporting periods.

NOTE 2.—Data compiled from bimonthly reports prepared under the regular area labor market reporting and area classification programs of the Bureau of Employment Security and affiliated State employment security agencies.

Bimonthly and annual average rates, major areas classified as areas of substantial labor surplus, January 1955 and November 1960—
Continued

	1959						1960					Annual averages					
	Jan.	Mar.	May	July	Sept.	Nov.	Jan.	Mar.	May	July	Sept.	Nov.	1956	1957	1958	1959	1960
Pennsylvania:																	
Allentown-Bethlehem-Easton.....	10.1	8.3	5.4	5.9	5.1	5.3	6.6	7.4	4.2	5.3	4.9	6.2	2.7	3.5	7.9	6.7	5.8
Altoona.....	14.4	11.9	9.2	8.3	8.6	14.9	8.9	8.9	9.8	11.4	11.1	12.3	8.9	10.4	16.4	11.2	10.4
Erie.....	15.4	13.9	10.6	9.1	7.8	8.1	11.0	9.8	7.7	8.2	8.4	9.4	5.3	6.6	12.8	10.8	9.1
Johnstown.....	16.8	15.1	12.5	16.5	16.3	13.3	11.4	10.6	10.0	11.6	12.6	15.3	8.6	6.6	15.5	15.1	11.9
Philadelphia.....	8.1	7.5	6.1	5.7	5.2	5.3	6.5	6.5	5.3	5.8	5.9	6.0	5.6	5.4	7.7	3.3	6.0
Pittsburgh.....	12.1	10.8	7.6	8.0	9.0	9.1	8.7	8.0	7.6	9.8	10.4	11.5	4.6	4.4	11.1	9.4	9.3
Reading.....	7.5	6.7	5.8	5.5	3.9	4.4	4.8	5.4	4.3	5.2	4.3	4.6	4.0	4.7	8.3	5.6	4.8
Scranton.....	16.9	16.2	14.3	13.8	13.2	13.2	14.1	13.3	10.6	11.9	10.3	11.8	11.0	11.2	16.2	14.6	12.0
Wilkes-Barre-Hazleton.....	17.8	17.0	14.1	15.8	14.0	14.2	16.0	14.7	12.9	13.7	11.8	13.2	12.7	11.4	16.2	15.5	14.6
York.....	8.7	7.7	6.7	6.2	5.4	5.9	6.2	6.5	5.7	6.4	5.5	5.9	4.6	5.9	7.4	6.8	6.0
Rhode Island: Providence-Pawtucket.....	12.7	11.7	9.1	8.1	6.4	6.2	8.3	8.4	7.2	7.6	7.1	7.0	8.0	9.8	12.9	9.0	7.6
Tennessee:																	
Chattanooga.....	7.3	6.8	6.7	6.7	5.9	6.2	6.5	7.1	5.8	6.8	5.9	6.0	5.6	6.0	7.9	6.6	6.4
Knoxville.....	8.1	6.7	5.7	5.3	4.7	5.5	7.1	7.7	6.0	5.3	5.1	6.2	6.9	7.0	9.8	6.0	6.2
Memphis.....	6.7	6.1	4.6	4.6	4.2	4.2	4.8	5.2	4.3	4.8	4.5	5.1	4.5	5.2	7.3	5.1	4.8
Texas:																	
Beaumont-Port Arthur.....	11.1	11.5	10.1	10.2	8.4	8.3	9.5	9.1	6.8	6.9	5.6	6.6	4.6	4.6	9.3	9.9	7.4
Corpus Christi.....	7.6	7.7	6.1	5.6	4.9	5.8	7.3	7.9	6.1	6.1	5.2	6.8	5.1	4.9	7.0	6.3	6.6
Fort Worth.....	6.4	5.8	4.4	4.5	3.9	4.6	5.3	5.2	3.9	4.5	4.2	5.3	4.2	5.5	6.6	4.9	4.7
Houston.....	5.8	5.4	4.3	4.3	4.0	4.5	4.7	4.6	4.1	4.5	4.5	4.7	3.4	3.4	6.0	4.7	4.5
Virginia: Roanoke.....	9.7	9.5	7.7	7.0	7.2	6.9	7.2	7.6	6.5	6.8	6.6	7.2	3.1	2.8	7.4	8.0	7.0
Washington:																	
Spokane.....	10.9	10.1	5.3	4.3	4.1	7.2	9.3	9.0	5.6	5.5	5.6	7.7	4.8	6.1	9.2	7.0	7.1
Tacoma.....	8.9	7.2	5.1	4.8	4.9	6.5	8.8	7.6	5.3	5.5	5.6	7.9	4.5	5.1	8.3	6.2	6.8
West Virginia:																	
Charleston.....	10.5	9.9	8.0	7.9	6.3	7.1	8.4	8.7	7.2	7.2	6.5	7.7	8.7	8.2	11.3	8.3	7.6
Huntington-Ashland.....	14.2	13.1	11.4	12.4	13.2	13.6	14.0	13.0	11.1	11.8	9.7	12.8	5.8	5.9	13.8	13.0	12.1
Wheeling.....	16.7	14.8	12.4	12.4	10.6	12.5	13.7	13.7	11.9	13.5	11.6	14.2	4.4	5.2	11.8	13.2	13.1
Wisconsin:																	
Kenosha.....	3.5	3.1	2.2	2.2	2.3	2.0	2.3	2.2	2.0	4.6	4.6	3.5	8.3	6.3	6.2	2.6	3.2
Milwaukee.....	5.2	4.5	2.3	2.8	2.0	3.3	3.5	3.3	2.9	4.1	3.4	4.3	2.2	2.8	6.0	3.4	3.6
Racine.....	6.0	4.8	2.2	3.0	2.0	3.4	4.8	4.0	3.7	4.4	3.9	4.5	4.7	5.5	7.5	3.6	4.2

NOTE 3.—Due to changes in area definition and geographical boundaries, data for some areas for periods prior to 1960 may not be entirely comparable with those for 1960.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Jan. 10, 1961.

Maryland:	Jan. 15.6	July 13.3	Jan. 12.8	Aug. 11.4	Feb. 16.2	Aug. 13.2	May 17.2	Nov. 12.2	Feb. 10.5	Aug. 9.0		13.2	13.0
Cambridge				July 3.4	Jan. 8.0	July 7.9	Jan. 8.3						
Cumberland				July 3.4	Jan. 8.0	July 7.9	Jan. 8.3						
Fredrick				Dec. 8.9	June 9.1	Dec. 6.6	Jan. 8.8						
Hagerstown				Dec. 8.9	June 9.1	Dec. 6.6	Jan. 8.8						
Massachusetts:				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Fitchburg-Leominster				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Greenfield				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Marlboro				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Milford				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Newburyport				June 8.0	June 10.6	Dec. 8.7	June 7.4						
North Adams				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Pittsfield				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Southbridge-Webster				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Taunton				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Ware				June 8.0	June 10.6	Dec. 8.7	June 7.4						
Michigan:				July 5.4	Jan. 9.0	July 10.1	Jan. 9.3						
Adrian				July 5.4	Jan. 9.0	July 10.1	Jan. 9.3						
Allegan				Aug. 10.9	Feb. 12.8	Aug. 13.2	Feb. 9.5						
Ann Arbor-Ypsilanti				Sept. 4.6	July 6.5	Sept. 7.9	Feb. 7.9						
Bay City				Sept. 3.5	Mar. 10.6	Sept. 10.3	Feb. 7.9						
Benton Harbor				Dec. 8.8	May 15.6	Dec. 12.9	Feb. 15.3						
Escanaba				Dec. 10.2	July 10.2	Dec. 6.2	Feb. 13.4						
Holland-Grand Haven				Dec. 10.2	July 10.2	Dec. 6.2	Feb. 13.4						
Ionia-Beloit-Greenville				Sept. 4.6	July 8.2	Sept. 6.6	Feb. 14.9						
Iron Mountain				Aug. 8.1	Feb. 10.1	Aug. 18.4	Feb. 14.9						
Jackson				Dec. 10.1	July 13.5	Dec. 6.8	Feb. 14.9						
Marquette				Dec. 10.1	July 13.5	Dec. 6.8	Feb. 14.9						
Monroe				Dec. 8.4	July 14.0	Dec. 15.4	Jan. 16.8						
Owosso				Oct. 7.9	Feb. 15.1	Nov. 9.1	Mar. 8.5						
Port Huron				Sept. 10.9	July 16.9	Sept. 12.6	Feb. 12.1						
Sturgis				Sept. 7.0	July 14.2	Sept. 13.4	Feb. 12.1						
Mississippi:				July 4.4	Jan. 6.6	July 8.3	Feb. 6.1						
Biloxi-Gulfport				Jan. 9.7	July 8.3	Jan. 8.3	Jan. 8.4						
Greenville				Feb. 10.6	Aug. 8.1	Feb. 8.1	Feb. 8.7						
Missouri:													
Cape Girardeau				May 7.9	Nov. 7.0	Nov. 6.3	May 6.3						
Flat River				Jan. 12.1	Aug. 13.3	Jan. 11.2	Jan. 11.2						
Joplin				Nov. 8.2	Nov. 8.2	Nov. 8.2	May 6.7						
Washington				Nov. 8.2	Nov. 8.2	Nov. 8.2	May 6.7						
Montana:													
Butte				Dec. 13.4	June 12.9	Dec. 12.5	June 9.0						
Great Falls				Dec. 8.8	July 8.9	Dec. 9.1	June 9.8						
Kalspell				Dec. 14.2	Jan. 6.1	July 5.9	Jan. 5.8						
Nebraska: Lincoln													
New Jersey:													
Bridgeport				June 6.8	Sept. 8.0	Sept. 5.2	June 5.8						
Long Branch				Jan. 9.7	July 8.2	Jan. 8.3	Jan. 8.4						
New York:													
Amsterdam				Mar. 10.2									
Auburn													
Batavia													
Corning-Hornell													
Elmira													
Glen Falls-Hudson Falls													
Gloversville													
Jamestown-Dunkirk													
Kingston													
Newburgh-Middletown-Beacon													
Ogdensburg-Massena-Malone													
Olean-Salamance													
Oneonta													
Plattsburgh													
Watertown													
Wellsville													
North Carolina:													
Fayetteville													
Greenville													
Hendersonville													
Kinston													
Lumberton													
Mount Airy													
Morgantown													
Rockingham-Hamlet													
Rocky Mount													
Rutherfordton-Forest City													
Shelby-Kings Mountain													
Thomasville-Lexington													
Waynesville													
Wilson													

See footnote at end of table.

Semiannual and annual average unemployment rates, smaller areas classified as areas of substantial labor surplus, January 1956 and November 1960—Continued

	1956			1957			1958			1959			1960			Annual averages		
	1956	1957	1958	1959	1960	1961	1956	1957	1958	1959	1960	1961	1956	1957	1958	1959		
Ohio:																		
Ashland.....																		
Ashabula-Conneaut.....																		
Athens-Logan-Nelsonville.....																		
Batavia-Georgetown-West Union.....																		
Cambria.....																		
Danville.....																		
East Liverpool-Salem.....																		
Findlay-Tiffin-Fostoria.....																		
Kent-Ravenna.....																		
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Olympia	Feb. 11.1	Aug. 9.0	Feb. 11.3	Aug. 6.6	Feb. 13.7	Aug. 9.1	Feb. 10.3	Aug. 3.2	Feb. 8.4	Aug. 7.0	Feb. 12.1	Aug. 14.1	Feb. 8.5
Port Angeles	June 6.0		June 6.0	Aug. 8.3	Feb. 17.3	Aug. 24.6	June 27.3	Dec. 29.4	Feb. 25.7	Aug. 23.0	Aug. 8.5	Aug. 21.7	Feb. 28.4
West Virginia:													
Beckley													
Bluefield													
Clarksburg													
Farmont	Apr. 6.4	Oct. 7.0	Apr. 6.0	Oct. 6.1	Apr. 13.8	Oct. 14.8	Apr. 10.9	Oct. 9.2	Apr. 11.4	Oct. 8.6	Aug. 6.0	Aug. 20.1	Feb. 20.1
Logan	Feb. 7.6	Aug. 6.2	Feb. 6.6	Oct. 6.9	Apr. 12.8	Oct. 15.7	Apr. 12.9	Oct. 17.8	Apr. 10.9	Oct. 11.9	Aug. 6.6	Aug. 11.3	Feb. 10.1
Martinsburg													
Morgantown													
New Martinsville													
Parkersburg													
Point Pleasant-Gallipolis	Feb. 8.9	Aug. 7.4	Jan. 5.0	June 4.6	June 10.7	Dec. 8.4	June 7.7	Dec. 8.8	June 7.9	Oct. 7.3	Aug. 4.8	Aug. 9.1	Feb. 8.0
Ronceverte-White Sulphur Springs	Feb. 10.6	Aug. 6.9	Feb. 6.8	Aug. 5.2	Feb. 10.6	Aug. 13.1	Feb. 11.1	Aug. 11.7	Feb. 12.1	Aug. 10.4	Aug. 6.0	Aug. 11.9	Feb. 11.4
Welch	June 7.7	Dec. 7.9	June 10.1	Dec. 6.9	June 12.0	Aug. 12.2	Feb. 15.9	Aug. 11.7	Feb. 14.9	Aug. 10.5	Aug. 7.8	Aug. 10.4	Feb. 13.8
Wisconsin:													
Beaver Dam													
Beloit													
Eau Claire-Chippewa Falls			Jan. 2.9		Jan. 6.7	July 11.4	Jan. 8.0						
La Crosse					Jan. 9.6	Dec. 6.8	Jan. 9.0	July 8.6	Jan. 10.6	July 6.8		Aug. 9.5	Feb. 8.8
Lake Geneva-White Water						July 9.3							
Oshkosh													
Watertown					July 8.0		Jan. 7.9						
					May 6.5		Jan. 6.3						

¹ Annual averages are generally based upon data for 2 reporting months. Data for additional months have been used in computing annual averages when available although such data are not shown in table.

NOTES

“smaller area of substantial labor surplus” by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified or for areas with a labor force of less than 15,000 is not available in Washington on a consistent basis.

U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Jan. 10, 1961.

1. Annual average data shown only for areas currently classified as “areas of substantial labor surplus.”

2. Data are generally available only for periods in which smaller areas classified as “areas of substantial labor surplus.”

3. Data compiled from semiannual reports prepared under the regular area labor market reporting and classification programs of the Bureau of Employment Security and affiliated State employment security agencies.

4. A smaller area is defined as an area with a labor force of 15,000 or more which is officially classified as a

Mr. SCOTT. Madam President, I send to the desk an amendment in the nature of a substitute to S. 1, and ask that it be printed. I have referred to it as S. 6.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to strike all after the enacting clause and insert an amendment in the nature of a substitute.

The PRESIDING OFFICER. Does the Senator wish to offer his amendment at this time?

Mr. SCOTT. No, I do not request that it be called up at this time.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. FULBRIGHT. Madam President—

Mr. WILLIAMS of Delaware. Madam President—

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

Mr. FULBRIGHT. It had been my intention to support the administration's so-called area redevelopment bill this year, although I had opposed similar bills in the past, mainly on the grounds of my fears about the way in which they would be administered. It had been my position that the legislation, as I thought it would be administered, would tend to freeze the present pattern of industrialization of this country and inhibit the development of other areas of the country which in the past had not developed as rapidly.

I was encouraged, then, when I read of the President's proposal to place the administration of the program under the Secretary of Commerce, in whom I have confidence and, therefore decided to support the bill in that form.

In my opinion, the wide powers which this bill provides, particularly with respect to the selection of redevelopment areas, require supervision at Cabinet level. The pressures which will be brought to bear upon the administration to designate this area or that, present great opportunities for favoritism, not to say "boondoggling." To deal with these pressures requires the prestige and power which cannot be found at lower than Cabinet level, and the type of judgment which business background gives.

The Douglas bill, as reported, does not comply with these requirements, in my judgment.

Nor does it comply with the expressed preferences of the President, which, I believe, are entitled to great weight in matters of administration of the executive branch.

Mr. President, the difference between the President's area redevelopment bill and S. 1, the Douglas bill, as reported by the committee, on the point of administration, can be shown very simply from the language of section 3 in each of the bills.

Section 3 of the President's bill reads as follows:

There shall be appointed by the President by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce

who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

Section 3 of the Douglas bill reads as follows:

In order to carry out the purposes of this Act, there is hereby established in the Department of Commerce an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the same rate as that prescribed by law for an Assistant Secretary of an executive department.

I presume that the committee amendment establishing the Area Redevelopment Administration in the Department of Commerce may be pictured as a compromise, but to me it is nothing of the sort. The committee's bill provides that all the powers of the legislation would be vested in an Administrator to be appointed by the President and confirmed by the Senate.

The President's bill, on the other hand, would have provided that the Administrator should perform such duties as the Secretary of Commerce might assign.

I believe that, the Douglas bill, as reported, presents an impossible administrative setup, particularly so far as the Secretary of Commerce is concerned.

My amendment, when it is perfected, will provide for the administration of the act in precisely the same manner as the President's bill.

I received yesterday from the Acting Secretary of Commerce a letter which recommends my amendment.

I should like to read the concluding paragraphs of this letter, as follows:

While Secretary Hodges is unable to reply personally to your letter today, I am confident that he would express complete endorsement of the amendment which you propose. In the first place, your proposed amendment, if adopted, would make S. 1 consistent with the bill now pending in the House on the same subject—and on which the Secretary testified several days ago. For your convenient reference, I enclose copy of Secretary Hodges' testimony before the House subcommittee. In addition, I enclose copy of his testimony before the Senate subcommittee, at which time he took the same position on the issue of administration of this proposed area redevelopment program.

I would also emphasize that adoption of the amendment which you have proposed would, on the issue of administration, be consistent with the views of the President as reflected in a draft bill on area redevelopment which the President transmitted to the Speaker of the House several days ago. This bill is now pending in the House as H.R. 4569.

It is our very definite opinion that the amendment to S. 1 which you have proposed should be adopted.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this letter.

Madam President, I ask unanimous consent that the entire letter be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, D.C., March 8, 1961.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter requesting the views of Secretary Hodges on your proposed amendment to S. 1, copy of which you enclosed. You asked that you receive this statement of views today.

Secretary Hodges has been in Mexico this week and is en route by plane to Washington today. He is scheduled to be in his office tomorrow.

I understand that S. 1 as reported by the committee provides that the administration of the area redevelopment program shall be "placed" in the Department of Commerce, but under an Administrator who would be completely independent of the Secretary for all practical purposes.

Your proposed amendment would simply provide that authority and responsibility for administering the program contemplated under S. 1 would be placed in the Secretary of Commerce, to be consistent with the basic organizational principles generally applicable to all Federal departments.

While Secretary Hodges is unable to reply personally to your letter today, I am confident that he would express complete endorsement of the amendment which you propose. In the first place, your proposed amendment, if adopted, would make S. 1 consistent with the bill now pending in the House on the same subject—and on which the Secretary testified several days ago. For your convenient reference, I enclose copy of Secretary Hodges' testimony before the House subcommittee. In addition, I enclose copy of his testimony before the Senate subcommittee, at which time he took the same position on the issue of administration of this proposed area redevelopment program.

I would also emphasize that adoption of the amendment which you have proposed, would, on the issue of administration, be consistent with the views of the President as reflected in a draft bill on area redevelopment which the President transmitted to the Speaker of the House several days ago. This bill is now pending in the House as H.R. 4569.

It is our very definite opinion that the amendment to S. 1 which you have proposed should be adopted.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this letter.

Sincerely yours,

EDWARD GUDEMAN,
Acting Secretary of Commerce.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield, if the Senator wishes to ask a question.

Mr. DOUGLAS. Would it discommodate the Senator if I were to ask a question at this time?

Mr. FULBRIGHT. Not at all.

Mr. DOUGLAS. I ask if my good friend from Arkansas is maintaining that the bill which has been introduced in the House by Representative SPENCE is the administration bill.

Mr. FULBRIGHT. Exactly; that is the President's bill.

Mr. DOUGLAS. Do I correctly understand that my good friend from Arkansas is supporting this bill?

Mr. FULBRIGHT. With this amendment I intend to support the bill.

Mr. DOUGLAS. I mean the bill as introduced in the House.

Mr. FULBRIGHT. I intend to support the bill before the Senate with my amendment, and my amendment makes it comply with the administration bill exactly in this respect.

Mr. DOUGLAS. The Senator has spoken of the House bill as being the administration bill. In his great anxiety to support the administration, I wonder if he supports the House bill in all its features?

Mr. FULBRIGHT. I have not read the House bill. I have read only the first part of it relating to the subject of administration.

Mr. DOUGLAS. Is the Senator from Arkansas aware of the fact that the House bill provides for financing the measure by annual appropriations rather than by Treasury financing?

Mr. FULBRIGHT. No. I am open to persuasion on that subject. The Senator from Illinois knows that last year I supported borrowing authority for the DLF. I assume that is what he is coming around to.

Mr. DOUGLAS. I am coming to it immediately.

Mr. FULBRIGHT. I did support that method with regard to DLF. I am not at all sure that it is a perfectly proper method of financing these programs.

Mr. DOUGLAS. I am glad that we are narrowing the issue. I was in some doubt last year as to whether DLF should be financed by annual appropriations or by Treasury issues, until the very able Senator from Arkansas made his plea that the financing by annual appropriations would disrupt the measure and not permit long-term programming. He so convinced me that when we drafted the pending bill we followed the argument of the Senator from Arkansas and provided for financing by Treasury issue.

Now I hope very much that the Senator from Arkansas will not go back on his own child, which we have fostered in this fashion, but will, instead, support the system of financing loans, at least, by Treasury issue.

Mr. FULBRIGHT. That method was used in the case of RFC and other agencies, which I cited two years ago in support of such financing for DLF. I am very favorably impressed by it. However, I cannot support the bill if the program is not to be administered in a manner which I believe to be reasonably fair and equitable for the whole country.

Mr. DOUGLAS. I wished to narrow the issue with regard to financing. Is the Senator from Arkansas saying that he is in favor of Treasury issues in financing foreign loans? Just what does he favor so far as domestic loans are concerned?

Mr. FULBRIGHT. I said that in supporting the DLF provision I cited programs which I had supported in the past, such as the RFC, and other domestic programs.

Mr. DOUGLAS. The Senator from Arkansas was very eloquent on that point, and he convinced me. Therefore we have adopted the Fulbright provision

in drafting the pending bill. I should like to ask the Senator whether he is disavowing his principle in connection with the area redevelopment bill.

Mr. FULBRIGHT. I have not said that. I do not know that the Senator has in mind. I have not disavowed anything.

Mr. DOUGLAS. I am trying to find out whether the Senator has disavowed that principle. I should like to put that question to him directly. Does the Senator stand for the same principle in connection with the area redevelopment bill that he stood for in connection with the Development Loan Fund? Does he or does he not?

Mr. FULBRIGHT. I have said to the Senator from Illinois that if the administration is proper, and if my amendment is adopted, which is in accord with what I think is good administration, I intend to support the bill. I said so in my opening statement.

Mr. DOUGLAS. Is the Senator in favor of the system of financing through Treasury issue or annual appropriation in connection with the pending bill?

Mr. FULBRIGHT. I have already said that I am generally in favor of long-term programs.

Mr. DOUGLAS. I mean in this particular instance.

Mr. FULBRIGHT. I am in favor of long-term financing. What is the Senator trying to do? Is he trying to make a bargain with me?

Mr. DOUGLAS. I want to know whether the Senator is consistent. There seems to be a degree of inconsistency in the Senator's attitude. I should like to ask the Senator a further question. Inasmuch as the bill was introduced in the House by Representative SPENCE, is the Senator justified in saying that this is an administration measure, in preference to the compromise proposal that came from the committee, which puts it in the Department of Commerce, with the Department of Commerce exercising the housekeeping function, giving the Secretary of Commerce the chairmanship of the advisory policy board, giving him the power to name another important committee, but confining the actual administration to a separate agency?

Mr. FULBRIGHT. The bill in the House was introduced in behalf of the administration. It is the President's bill, and he approves of it. I have introduced a letter into the RECORD, which has been cleared by the Bureau of the Budget. It expresses the view of the Secretary of Commerce, who is appointed by the President.

I believe it is perfectly proper to say that it is the President's bill, the administration bill, as introduced in the House of Representatives. I have not read all the provisions in the bill. The Senator knows that my opposition to similar bills in the past was largely based on the fact that I had no confidence in their probable administration on a limited geographical extent. If the program is given administration which is fair to all the country, and it is administered on the Cabinet level, I am prepared to support the bill. However, I will not support it if the law is to be administered

without any control by the Secretary of Commerce. That is exactly in accord with the President's view as to how it should be administered. My present disposition is to support the borrowing authority, but this may well depend upon how it is to be administered.

Mr. DOUGLAS. The Senator is in favor of it?

Mr. FULBRIGHT. I said that was my present disposition. I am not prepared to make a deal with the Senator from Illinois on the floor of the Senate at this time. I am prepared to offer an amendment, and if it is adopted I intend to support the bill. I do not know whether other amendments will be adopted. I cannot conceive that another amendment would be adopted that would be so offensive to me that I could not support the bill. I have prepared another amendment which I shall offer, relating to the criterion for designation of rural redevelopment areas. However, if my first amendment is adopted, and if I believe that a sufficiently responsible administration is provided, I will not worry about the other matter. I do not know why the Senator charges me with inconsistency.

Mr. DOUGLAS. The Senator from Arkansas has been a most effective opponent of the measure in times past. He has been one of the most effective Senators on the floor in opposition, and in committee as well. He has been very astute in his opposition, which he has conducted very well indeed. It is interesting to see that he has somewhat modified his view.

Mr. FULBRIGHT. The Senator seems to resent my showing any favorable view.

Mr. DOUGLAS. No, in the words of the old hymn:

While the lamp holds out to burn, the vilest sinner may return.

Mr. FULBRIGHT. Surely the Senator will not abandon the bill because I am supporting it.

Mr. DOUGLAS. No. I have a fear however of Greeks when they bear gifts. I fear the Trojan Horse, which the Senator from Arkansas may now be introducing.

I should like to ask the Senator from Arkansas one further question, if I may. He said the bill in the past has been of very limited application. We have in the rear of the Chamber, if the Senator will condescend to look at them, maps indicating not only the scope of the pending bill, but also the scope of preceding versions of the bill. He will find that the areas which would benefit most from the rural sections of the bill are, and always have been, the Southern States, and that his own State of Arkansas would probably benefit as much as any State. Yet year after year the Senator from Arkansas has opposed the measure. Nevertheless, in spite of all the efforts directed toward the Senator from Illinois to cut loose the Southern States I have refused to do so. I will not sell out the Southern States, even though the representatives from the South do not defend their own areas.

Mr. FULBRIGHT. The Senator completely misapprehends my point. The Senator from Illinois refuses to recog-

nize the point I am making, which is that of administration. It is my conviction that if the administration is to be exercised in an equitable manner, I will be willing to accept it. I do not believe that an administration which is not responsible to the Secretary of Commerce is a proper administration. This is a matter which was dealt with in the Reorganization Act. I see in the Senator's bill a revival of a little empire within a department, which is completely contrary to the recommendations of the Hoover Commission and the provisions in the Reorganization Act.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. First, I express my thanks to the Senator from Arkansas for his basic support of the pending measure. I know the Senator is deeply concerned about the rural aspects of the so-called depressed areas bill. I shall make some comments on that point. They will be very much along the same line that the Senator from Arkansas has stated. I wish to reassure him that in my study of the pending bill I have found it to be national in scope. It primarily affects the areas where the need exists. The need is graphically displayed by the maps in the Chamber. They have been discussed in some detail during the debate today. We might very well wish to emphasize the agricultural or rural areas. I shall do that in my statement.

As I understand, the Senator from Arkansas is amenable to the idea of what we call Treasury financing, because it gives continuity.

The point which I think is at issue is essentially the administration of the act.

Mr. FULBRIGHT. That is correct. That has always been the issue.

Mr. HUMPHREY. What the Senate committee did—and I believe I was present at some of the early discussions and deliberations on the bill outside the committee, simply as another Senator—was not to set up a separate agency, removed entirely from the scope of the Department of Commerce or the Cabinet. The committee decided it would place the function of the depressed areas bill—that is, the loan and grant function—within the Department of Commerce, and would make the Secretary of Commerce chairman of the Advisory Board. It would make the Department of Commerce responsible for the records and general housekeeping matters, but would have the administrator of the program directly appointed by the President.

Mr. FULBRIGHT. But not responsible to the Secretary.

Mr. HUMPHREY. When the Senator says "not responsible to the Secretary," he must remember that the Secretary of Commerce is responsible to the President, and so would be the administrator. There is no doubt that with an administrator responsible to the President and a Cabinet officer, the Secretary of Commerce, responsible to the President, there would be coordination; there would be continuity of the program and the policy.

I think it would be wrong—and this is the main point I wish to make—to

state that the President would find unacceptable a program or a bill which contained the Senate provisions in terms of administration. To the contrary, such a bill would be acceptable. It is not necessarily the first choice of the administration, but it is an acceptable choice. I can speak in terms of its being an acceptable choice because of discussions I have had with at least some of the advisers to the President. I do not want to inject the name of the President into this matter, because I do not think that is proper. However, I say that the administration does not have objection to the Senate proviso. I believe the administration prefers the financing provision in the Senate bill, and I believe the Senate bill provides a workable instrument for the objectives which the Senator from Arkansas has in mind.

I commend the Senator from Arkansas for his interest in this matter. I understand his concern with it because of his interest in Arkansas and his interest in the people of his State. No one has fought more valiantly for them.

I want to have the RECORD show very clearly that the Senator from Arkansas repeatedly has advocated a community facilities bill. He has worked in behalf of housing measures. He has been deeply concerned over the impact of any kind of economic program on rural areas—and rural areas certainly are involved in depressed areas.

So while the Senator may feel that the administration perfers the close tie-in under the Secretary of Commerce, if he would be willing to accept my word for it—and if need be, I shall, I suppose, have to get the documentary evidence—I can say on my honor as a Senator that the administration would not find unacceptable a bill which provided what the Senate bill provides in terms of administration. I think the administration would prefer a bill in terms of financing as the Senator from Illinois has reported it to us; and I believe the bill itself, when we work over it here, as we are, will meet the basic needs which the Senator from Arkansas had in mind.

Mr. FULBRIGHT. I appreciate the Senator's comments. The Senator is entitled to his own views.

Mr. HUMPHREY. I am familiar with the letter.

Mr. FULBRIGHT. The letter from the Secretary of Commerce contains this paragraph:

It is our very definite opinion that the amendment to S. 1 which you have proposed should be adopted.

When the Senator uses the word "unacceptable," I suppose he is taking the view that if everything else in the bill were acceptable, and the administration were faced with having no bill at all or accepting this bill, they might do it. But the bill which the administration sent to Congress contains the same provision as my amendment, and the Secretary of Commerce endorses it. The acting Secretary of Commerce endorses it, and he refers to the testimony of the Secretary of Commerce himself.

The Secretary of Commerce is a Cabinet officer. He is in a higher, more

responsible position, in my judgment, than any administrator could be.

I have said before, and say again, that I think a very important part of this kind of bill, in which wide discretion is given to the administrator, is the placing of responsibility at the highest level. Frankly, I do not wish to be a party to a bill which is subject to such possibilities as this one is in the administration, with anyone less than the Secretary being responsible. I think that is not an improper desire. I am certain it is in accord with at least the preference of the administration; otherwise it would not have been included in the administration's bill.

Mr. HUMPHREY. It is in accordance with the views of public administrators who have studied public administration. It amounts to what is called a neat arrangement.

Mr. FULBRIGHT. It is in accordance with the reorganization plan of 1950, which the Senator from Illinois supported, in which, in consequence of the Hoover task force reports, it was said that the growth of little empires—that is, independent agencies within agencies—was bad administration. The Senate accepted that report. This proposal is not in accord with that.

Mr. DOUGLAS. Madam President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. Does the Senator from Arkansas favor having rural electrification administered by the Department of Agriculture?

Mr. FULBRIGHT. That is where it is now.

Mr. DOUGLAS. No; the REA Administrator is appointed by the President.

Mr. HUMPHREY. Within the Department of Agriculture.

Mr. DOUGLAS. It is within the Department of Agriculture. We propose, in this bill, an organizational setup identical with that of REA.

Mr. HUMPHREY. And identical with the U.S. Public Health Service within the Department of Health, Education, and Welfare.

Mr. DOUGLAS. Also identical with the Wage and Hour Division in the Department of Labor. If the Senator from Arkansas has a deep and passionate desire for orderly organizational charts, then he should submit an amendment taking away from the REA Administrator the control of the REA, and putting it into the Department of Agriculture. That would make the Senator very popular in the State of Arkansas.

Mr. FULBRIGHT. I would not undertake to amend all the laws of the country in one bill. I do not know whether the matter the Senator has mentioned is under consideration. Is there any reason why we should consider it now? I would never profess the belief that all administrative matters should be exactly the same. There is this great difference: Very wide discretion is provided in the bill, involving a new area of activity. In my opinion, it could easily be subject to great abuse.

The REA has well established the routine procedures of that agency, and they are not likely to be abused.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I appreciate the Senator's courtesy in yielding. He has been very generous.

It is the hope of Congress that the proposed legislation will not have to be permanent legislation. It is the hope of Congress that distressed areas or depressed areas will be rehabilitated or rejuvenated, so that the need for this kind of program will be of limited duration.

Mr. FULBRIGHT. The Senator does not mean it will be temporary; its duration will be for a number of years, at least.

Mr. HUMPHREY. I hope it will come about in America that we will not have to be talking about injections of a substantial amount of capital because of mass unemployment or distressed areas. I trust we will achieve a better balanced economy. The problem of distressed and depressed areas has been growing in the last few years. The Secretary of Commerce is a very busy man. He has a host of activities.

Mr. FULBRIGHT. He does not think he is too busy to handle this program. What is the Senator's real objection to having the Secretary of Commerce made responsible?

Mr. HUMPHREY. My objection is not to the program being in the Department of Commerce at all. My desire is to have someone administer the program who will get on to it, ride herd on it, and make certain that it works.

My point is that the only way that will be done is to have that man appointed by the President and able to speak in the name of the President.

Let me say the President made commitments. I see in the rear of the Chamber the map and the photographs of the State of West Virginia. I am rather accustomed to looking at that map. I have traveled on every one of those roads—to little or no avail, I may add—and I think I know a little about depressed areas and distressed areas; and I have a feeling that the President of the United States has an abiding, deep, personal interest in making this bill a workable measure, without any fault, if that is possible.

Mr. FULBRIGHT. I think so, too.

Mr. HUMPHREY. And I think it can better be done by an administrator selected by the President.

Mr. FULBRIGHT. But the President does not happen to think so. The Senator is very often most complimentary of the President. Why does the Senator disagree in this case with the President?

Mr. HUMPHREY. I say the President would be more than happy to accept a bill as prepared by the Senator from Illinois. I say that the President would find such a bill a workable and a desirable measure.

Mr. FULBRIGHT. I think the President is interested in the enactment of a proper and adequate bill; and since the Senator has stated the matter in this fashion, let me state that I am quite confident that the President would rather have enacted his bill with this amendment of mine—which he proposes—in it,

than to have some other bill, although I am sure he would prefer to have some bill enacted, rather than no bill at all.

I do not know how other Senators will vote on these matters. I have only one vote. But there may be others who think the administration should be at the highest level.

Would the Senator from Minnesota prefer to have no bill at all enacted, rather than to have the President's bill, with my amendment included, enacted?

Mr. HUMPHREY. Of course I prefer to have some bill enacted. But when the President was proposing depressed areas legislation, he called on the Senator from Illinois to head the task force; and the Senator from Illinois did head the task force.

The Senator from Illinois was with the then President-elect, to make his report; and President Kennedy knows the views of the Senator from Illinois.

Mr. FULBRIGHT. But despite all that, the President still recommends that the administration be in the Department of Commerce.

Mr. HUMPHREY. But the bill before the House is the administration's bill.

Mr. FULBRIGHT. But the Senator finds fault with it.

Mr. DOUGLAS. For one thing, it contains financing provisions of which the President does not approve. Although I do not want to bandy about the name of the President, I may state that I have been assured by representatives of the President that while, for certain reasons, the House bill will represent the administration's bill in the House, this bill represents the administration's bill in the Senate, and then we can work out the differences in conference.

But let me say to my good friend, the Senator from Arkansas—and I want to be very careful in what I say now—that I do not charge that everyone who is in favor of the amendment of the Senator from Arkansas is opposed to the bill, but I do say that everyone who is opposed to the bill is in favor of the amendment of the Senator from Arkansas.

Perhaps I had better stop there.

Mr. HUMPHREY. That is enough.

Mr. FULBRIGHT. As I recall, the bill passed by a margin of only 2 or 3 votes.

Mr. HUMPHREY. Yes, the vote was very close.

Mr. FULBRIGHT. And I think some persons, including myself, in view of the President's position on it, have felt that they would like to see such a bill enacted, and that it is more acceptable now than it was before—of course, I am trying to say, in view of the fact that we now have a Democratic administration.

Mr. DOUGLAS. Is it not true that the Senator from Arkansas has voted against the bill on every occasion?

Mr. FULBRIGHT. Yes.

Mr. DOUGLAS. Is it not also true that the Senator from Arkansas voted against the bill in every administration?

Mr. FULBRIGHT. One of the differences is that we now have a Democratic administration, a more enlightened administration; and it makes a great deal of difference to me that the bill will be administered by a Democrat, under a Democratic administration. So far as I

am concerned, I am quite confident that the various parts of the country will have more equitable treatment under the bill in this administration, under my amendment, than they would have had under a similar bill under the previous administration.

It all goes back to the administration of the bill itself or the probable personalities who will administer it.

Madam President, on January 25, 1961, President Kennedy wrote to the Vice President and the Speaker of the House, recommending the enactment of area development legislation. In his letter, President Kennedy made the following statement:

The proposed legislation will involve more than one existing department of Government. All must be drawn into the effort. In my judgment, the department best equipped to supervise and coordinate the program is the Department of Commerce. However, if the Congress should decide that a new agency would be more appropriate I believe such an agency could also carry out the objectives I have outlined.

On February 20, 1961, President Kennedy wrote the Speaker of the House again, recommending the prompt enactment of legislation on this subject, and enclosing with his letter a draft bill which he urged the House to consider. This bill, which has been introduced as H.R. 4569, vests the powers and functions created by the act in the Secretary of Commerce, instead of creating a new independent agency.

The President has now twice made it entirely clear that he favors vesting these powers and functions directly in the Secretary of Commerce, rather than to create a new independent agency reporting directly to him. I agree with the President.

The President has never indicated his approval of the proposal in S. 1, as reported. The Department of Commerce letter to me, therefore, stands as the viewpoint of the administration on this proposal. The fact is, of course, that it was cleared with the Bureau of the Budget, as shown in the text of the letter; and this makes it quite clear that it represents the viewpoint of the administration.

It seems to me that the President's preferences with respect to organizational matters are entitled to a great deal of weight, particularly, as in this case, where they do not involve quasi-legislative or quasi-judicial powers, but are purely administrative and Executive powers.

The proponents of the amendment to S. 1 have, I think, forgotten the 1950 reorganization plans recommended and supported by the Hoover Commission, which were designed to transfer to the heads of departments the powers and functions of officials within the 12 departments. The proposed arrangement in S. 1 would directly contravene those reorganization plans, and would create again in the Department of Commerce the same situation which was eliminated by Reorganization Plan No. 5 of 1950.

I should like to refer to Senate Report No. 1561, 81st Congress, 2d session. This report dealt with Reorganization Plan

No. 5 of 1950, relating to the Department of Commerce. The resolution disapproving the plan was defeated, and the plan became effective. I should like to read, from page 4 of that report, a part of the section entitled "Hoover Commission Recommendations":

The paramount importance placed by the Hoover Commission on clarity of lines of authority is demonstrated time and again in its reports. That major thesis is first developed in general terms in the text and recommendations of Report No. 1 on general management, and is then followed up in the separate reports dealing with individual functions or agencies of the Federal Government.

REPORT NO. 1, ON GENERAL MANAGEMENT

The introductory chapter of Hoover Commission Report No. 1, on General Management, opens with the following paragraphs:

"In this part of its report, the Commission on Organization of the Executive Branch of the Government deals with the essentials of effective organization of the executive branch. Without these essentials, all other steps to improve organization and management are doomed to failure.

"Definite authority at the top, a clear line of authority from top to bottom, and adequate staff aids to the exercise of authority do not exist. Authority is diffused, lines of authority are confused, staff services are insufficient. Consequently, responsibility and accountability are impaired.

"To remedy this situation is the first and essential step in the search for efficiency and economy in the executive branch of the Federal Government."

There follow the four numbered recommendations from the same report relative to centralization of functions and an adequate supervisory staff:

"14. Under the President the heads of departments must hold full responsibility for the conduct of their departments. There must be a clear line of authority reaching down through every step of the organization and no subordinate should have authority independent from that of his superior.

"16. Department heads must have adequate staff assistance if they are to achieve efficiency and economy in departmental operations.

"18. Each department head should receive from the Congress administrative authority to organize his department.

"20. We recommend that the department head should be given authority to determine the organization within his department."

REPORT NO. 10, ON THE DEPARTMENT OF COMMERCE

The above recommendations of general applicability are then developed specifically for the Department of Commerce in Hoover Commission Report No. 10, on the Department of Commerce, as follows:

"We have urged in our first report that the foundation of good departmental administration is that the Secretary shall have authority from the Congress to organize and control his organization, and that separate authority to subordinates be eliminated."

After considerable discussion of Reorganization Plan No. 5 on the floor of the Senate, the resolution of disapproval was rejected. The vote was 29 yeas to 43 nays. I notice that the senior Senator from Illinois was 1 of the 43 Senators who voted to support the reorganization plan—who voted to keep lines of authority clear and to make the Secretary of Commerce master in his own house.

The new Area Redevelopment Administration which would be created by S. 1,

as reported, would, in my judgment, be exactly the kind of organization which the Hoover Commission in 1950 was trying to get rid of. I do not think we should deliberately create the confusion the Commission opposed and the President and the Congress eliminated.

I should like to discuss for a moment the nature of this new proposal. An agency is to be established "in the Department of Commerce." It would be headed by a Presidential appointee who gets his powers and functions directly from the act.

What are to be the relations between the Secretary of Commerce and the proposed new Administrator?

Specifically, has the Secretary of Commerce any authority over the designation of redevelopment areas?

Has the Secretary of Commerce any authority over the approval of programs for designated areas?

Has the Secretary of Commerce any authority over the loans which may be made for industrial and commercial projects, or over public facility loans, or over public facility grants?

Has the Secretary of Commerce any authority over the amounts which the Administrator may, with the approval of the President, borrow from the Treasury?

Has the Secretary of Commerce any authority over the Administrator's power under section 12 to select, employ, appoint and fix the compensation of officers, employees, attorneys and agents?

Has the Secretary of Commerce any authority over the Administrator's power to request directly from any executive department information, suggestions, estimates, and statistics?

Has the Secretary of Commerce any authority over the Administrator's agreements and consultations with the Secretary of Labor relating to retraining subsistence payments?

Has the Secretary of Commerce any authority over the appropriations requested by the Administrator for public facility grants, retraining subsistence payments and technical assistance?

The answers to all of these questions hang upon the phrase "in the Department."

I believe it is asking too much to expect the answer to each of these important questions to be derived from this brief phrase.

If the answer to all of these questions is that the Secretary of Commerce does not have the authority indicated, I believe that the amendment proposed in S. 1, as reported, clearly violates the sound principles laid down by the Hoover Commission. If the answer to these questions is that the Secretary of Commerce lacks this authority, I think the proposal to establish the new administration in the Department of Commerce is a mere snare and delusion, designed to give lip service to the wishes of President Kennedy, but to leave the new agency virtually independent.

The proposed compromise is in many ways worse than the original proposal for an independent agency, because it invites all these questions and sows the

seeds of discord between the President, the Secretary of Commerce, and the new Administrator. The confusion and conflict which will inevitably result from this proposal will, in my judgment, be harmful to the program.

It is for these reasons that I urge that S. 1 be amended so as to vest all of these powers clearly in the Secretary of Commerce, so that there can be no question of the responsibility for this program or of the authority for this program.

My amendment was based upon a committee print of S. 1, dated March 7, 1961. The committee made a number of minor amendments to the bill before it was actually filed. Consequently, a large number of the page and line references in my amendment need to be revised. In addition, I should like to revise my amendment so as to include in it the creation of a new official in the Department of Commerce to perform such duties in the execution of this act as the Secretary of Commerce may assign. With the revisions I am making in my amendment, my proposal will revise S. 1 so that, with respect to its administration, it will be just the same as President Kennedy's bill.

Madam President, I withdraw my amendment 3-7-61—B, dated March 7, 1961, and submit in lieu thereof a new amendment which I also ask unanimous consent to have printed at this point in the RECORD.

Madam President, this amendment conforms precisely to the relevant provision in the bill sent by the President to the House, to which I have previously referred.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, it will be printed in the RECORD.

The amendment submitted by Mr. FULBRIGHT is as follows:

On page 40, strike out lines 9 through 18, and insert in lieu thereof the following:

"AREA REDEVELOPMENT ADMINISTRATOR

"SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the 'Secretary') may assign."

On page 40, line 20, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 40, line 25, strike out "of Commerce".

On page 41, line 10, strike out "of Commerce".

On page 41, lines 15 and 16, strike out "of Commerce".

On page 41, line 21, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 42, in lines 2, 4, and 25, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 43, in lines 9, 10, 11, 20, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 44, in lines 12, 17, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 44, lines 24 and 25, strike out "the Secretary of Commerce."

On page 45, in lines 3, 4, 6, 12, and 17, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 46, line 10, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 47, in lines 11 and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 48, in line 4, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 49, in lines 1, 2, 5, and 16, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 50, line 14, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 51, in lines 20, 23, and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 52, in lines 5 and 10, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 53, line 12, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 54 in lines 4 and 7, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 55, line 18, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 56, in lines 15 and 21, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 57, line 18, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 58, in lines 4, 13, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 59, in lines 6, 7, 13, 15, 22, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 60, in lines 10 and 11, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 61, in lines 17, 21, and 25, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 62, in lines 3, 4, and 5, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 63, in lines 15 and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 64, in lines 9, 12, 13, and 14, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 64, lines 24 and 25, strike out "Area Redevelopment Administrator" and insert in lieu thereof "Secretary of Commerce".

On page 67, line 9, strike out "Area Redevelopment Administrator" and insert in lieu thereof "Secretary of Commerce".

On page 68, in lines 1 and 2, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 69, line 19, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 71, in lines 10 and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 72, in lines 4, 8, 11, 18, 20, and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 73, in lines 5, 8, 11, 15, and 21, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 74, in lines 3, 5, and 6, strike out "Administration" and insert in lieu thereof "Department of Commerce".

On page 74, in lines 2, 16, and 17, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 75, in lines 1 and 11, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 76, lines 20 and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 77, in lines 6, 9, and 10, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 78, in lines 11, 12, 15, and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 79, in lines 1 and 8, strike out "Administrator" and insert in lieu thereof "Secretary".

STATEMENT BY FORMER PRESIDENT TRUMAN

Mr. WILLIAMS of Delaware. Madam President, in today's issue of the New York Herald Tribune there appears a statement under a heading "Harry Truman, Historian." In the article it is stated that Mr. Truman, when addressing a gathering of the AFL-CIO, said his study of American history indicated that the Nation's great Presidents are followed by men of lesser ability, and presumably weak Presidents are followed by men of greatness. Mr. Truman is quoted directly as follows:

As one of the great ones I can make that statement.

Madam President, surely no one takes exception to Mr. Truman's opinion of his own greatness. But I regret that in expressing that opinion, his remarks were such that they can be interpreted as casting a reflection upon one of America's respected Presidents, Franklin D. Roosevelt.

I simply cannot conceive that in making those remarks, former President Truman intended to belittle the greatness of President Roosevelt—when Mr. Truman emphasized that "great Presidents are followed by men of lesser ability" and then proceeded to emphasize his own greatness.

Mr. KEATING. Madam President, will the Senator from Delaware yield to me?

Mr. WILLIAMS of Delaware. I yield.

Mr. KEATING. Madam President, I was surprised, too, when I read the above referred to article in the New York Herald Tribune. After all, I represent a number of the members of the Roosevelt family: Mrs. Eleanor Roosevelt, who has the respect of persons of both political parties, the wife of the distinguished former President; Mr. John Roosevelt; and Mr. Franklin D. Roosevelt, Jr. I also think in this connection of our colleague in the other body, Representative JAMES ROOSEVELT. I wonder how they must have felt to have it stated that history showed that strong Presidents have always followed weak Presidents, and then to have it stated by the gentleman who was speaking that he was one of the great ones.

The Senator from Delaware and I frequently were in disagreement with some of the views expressed by former President Franklin D. Roosevelt. But all of us respect his memory, and certainly I would be the last person to call him a weak President.

I regretted that our former colleague here in the Senate, and the former President of the United States, saw fit to add this footnote to history. While he was, of course, referring to our former colleague, the present President of the United States, for whom all of us have respect, whether we find ourselves in agreement or disagreement, he was also seeking to cast some aspersions upon another great President, President Eisenhower. On reflection, I would not be at all surprised if former President Truman decided at some point that he was in error.

Not that we could expect him to belittle his own accomplishments, but, certainly, in retrospect, he might feel that, at the very least, there was an exception in his case and that he was following a strong President. All of us, of course, have heard him speak in the highest terms of former President Roosevelt. I appreciate the Senator's yielding to me. I thought I should say these few words in behalf of the Roosevelt family, so many of whom are respected constituents of mine.

Mr. WILLIAMS of Delaware. I thank the Senator from New York. As I stated earlier, I would not take exception to Mr. Truman's estimate of his own greatness, because I am sure he has great confidence in his ability. I respect him also as one of our former Presidents. But I did regret that his statement cast what surely must have been an unintended reflection upon former President Franklin D. Roosevelt.

Certainly Mr. Truman would not want his remarks to be taken as belittling the memory of former President Roosevelt. I hope this will develop, as has happened on previous occasions, as another case of his being misquoted.

Mr. KEATING. Madam President, if the Senator will yield again, this seems a particularly inauspicious time to make a remark like that, especially in light of the fact that we are now considering a memorial, and the form that memorial should take, for former President Roosevelt. It seems inappropriate now to belittle his memory in any way.

FEED GRAINS PROGRAM FOR 1961

Mr. HUMPHREY. Madam President, I ask that the chair lay before the Senate S. 993.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 993) to provide a special program for feed grains for 1961.

STATEMENT BY FORMER PRESIDENT TRUMAN

Mr. HUMPHREY. Madam President, I cannot resist the opportunity to express my personal profound appreciation and gratitude to my beloved colleagues for their solicitous and warm remarks about a beloved great President, the late Franklin Delano Roosevelt. This, of course, comes a little late, but there are those who wait a long time

before they arrive at a proper judgment of greatness and make their decisions relating to a veracity of history.

I would be less than appreciative if I did not say that when the distinguished Senator from New York and the distinguished Senator from Delaware both give forth their sincere, deep, and lovable esteem of a great President, a fallen leader, one who gave his life to his Nation, it just touches the heart of this Senator as one American; and I want to thank them bountifully and generously for their words.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I knew that there was a colloquy between the Senator from Delaware and the Senator from New York, but it was conducted with such rapidity and so virtually sotto voce, that I was unable to follow it.

Am I to understand from the Senator from Minnesota that both these gentlemen actually praised the late Franklin Delano Roosevelt?

Mr. HUMPHREY. There was a rather rapid crossfire and discussion, but through it all there was a constant thread of respect and admiration for the late and beloved President Roosevelt; and I must say it is something that gladdens my heart.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. HUMPHREY. May I first yield to one of the authors of this most recent tribute?

Mr. WILLIAMS of Delaware. I may say to the Senator from Illinois that the reason I felt moved to make this defense of the memory of a great President was that former President Truman was quoted as saying that he regarded himself as one of America's great Presidents and pointed out that, in a review of history, great Presidents followed weak Presidents and weak Presidents followed great Presidents. He said he felt qualified to make this statement because he was one of "America's great Presidents." I do not take exception to his opinion. I felt that this was perhaps an unintended reflection on the greatness of our respected and former President Franklin D. Roosevelt, who immediately preceded him in office.

Mr. HUMPHREY. We now have testimony from both great men, and I think we ought to end it there, because the Senator from Delaware has great respect for Mr. Truman, and both Senators have great respect for former President Roosevelt, and I think this is a good time to quit.

Mr. DOUGLAS. Madam President, one of the mysteries of geology and the vast underground rivers that flow underneath the surface, unknown to people, but which gush out in unsuspected places. I had never thought that there was such a deep undercurrent of affection and regard for Franklin D. Roosevelt on the part of the Senators from Delaware and New York, but now it has gushed out, with all its majesty, as we witness this flow of affection and regard. I, too, wish to thank them.

Mr. KEATING. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. I point out to my friend from Illinois what he may not know; namely, that one of former President Roosevelt's sons was very active in my campaign for the Senate in order that I might sit here in this body with such great Senators as the Senator from Minnesota and the Senator from Illinois. John Roosevelt was a significant factor in my election and I very much appreciate what he did on my behalf. I did not want any possible aspersion cast on his father, whom we all respect so greatly.

Mr. HUMPHREY. The Senator from New York is always a gentleman, and we are so grateful for this consideration.

FEDERAL AID TO EDUCATION

Mr. THURMOND. Madam President, the Senate will soon be called upon to consider a general Federal aid to education bill, and there will probably be much haste urged by the proponents of this proposed legislation in obtaining action on the Senate floor. So that the Members of the Senate might have an opportunity to consider material which I feel to be most informative, interesting, and helpful on the subject of Federal aid to education, I have been placing in the RECORD from time to time various articles which I feel merit the attention and consideration of the Senate. I have recently read two excellent articles, which I ask unanimous consent to have printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Madam President, one is an article from the March 1961 issue of Nation's Business. It is entitled "False Claims in School Control Drive," and was written by Mr. Roger A. Freeman, a gentleman who is widely recognized as an authority on public finance and Federal-State relations. He is the author of two recent books entitled "Taxes for the Schools" and "School Needs in the Decade Ahead." Mr. Freeman directed research for the Education Committee of the President's Commission on Intergovernmental Relations in 1954-55 and served as consultant on school finance to the White House Conference on Education in 1955.

The other article is entitled "Federal Control of Education: A Case History" and was printed in the March 10, 1961, issue of Human Events. It was written by Dr. Claude J. Bartlett, assistant professor of psychology, George Peabody College for Teachers, Nashville, Tenn.

EXHIBIT 1

[From Nation's Business, March 1961]

FALSE CLAIMS IN SCHOOL CONTROL DRIVE

(By Roger A. Freeman)

A powerful movement is underway to shift control over your local school policies to a nationally organized bureaucracy.

The 87th Congress is being told that Federal funds will quickly solve the public

schools' financial problems and raise the quality of education to higher levels.

In reality, enactment of a Federal aid program would be detrimental because:

1. It would hinder progress toward urgently needed improvements in local school systems, such as fuller and more effective use of available manpower and facilities.

2. It would shift control over school policies from parents, lay boards, and communities to a remote group of bureaucrats.

3. It would be a fateful step toward the absolute concentration of governmental powers in Washington to transfer responsibility for the largest domestic service—education—to the national level.

4. It would damage civic morale and set a bad example for youth by demonstrating that the way to get the things we want is not to work and pay for them but to seek a way to shift the cost to somebody else.

At the heart of the education controversy is not the question of how much money the public schools need and how it can be provided, or how many classrooms or teachers they should have, or how much the teacher should be paid. The fundamental issue is big Government versus home rule.

The drive for Federal control, although a century old, will be pushed with special vigor this year because Federal aid proponents know that unless a bill is passed soon the arguments for it will disappear.

The growth of school finances, the building of classrooms, the addition of new teachers have far surpassed what friends and foes of Federal school aid dreamed of only a few years ago. The White House Conference on Education in 1955 proposed that school funds be doubled within 10 years. In the 6 years since then, school support rose at a decennial rate of 152 percent. States and communities have been increasing their school appropriations by about \$1 billion each year for almost a decade.

It is not likely that State and local officials would keep doing so if Congress showed a willingness to raise the needed funds either through boosting taxes or by deficit financing. Federal aid might have the effect of pushing the need for higher taxes, or greater deficits, to the Federal level. In the end, then, the schools' total resources would not be larger but the policy direction would be transferred to Washington.

To be sure, most Federal aid bills include a clause prohibiting Federal control of school programs. This declaration is necessary because the overwhelming majority of the American people want to keep control at the local level.

But when the professors of education and the school administrators talk, not to Congress, but to each other, they speak a different language. Let's listen to some of them.

An editorial in the Nation's Schools (September 1960) said:

"There is something quite naive in the way we school people talk about Federal control of education. Some of us seem to think that Federal influence on education can be prevented simply by stating that it shall not exist. Federal direction is inherent in any Federal law or any Federal court decision pertaining to education."

An editorial in Overview (formerly the School Executive), monthly magazine of the school administrators, said in November 1960:

"The United States is inexorably moving toward a national system of education. The long-held views that education is largely a personal concern and that educational policy should be made by local units of government will have to go. The national welfare demands a national system of education."

"GRASSROOTSISM" ATTACKED

Other educators demand a gradual weakening of local autonomy over the school and a gradual emergence of control mechanisms

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of March 10, 1961
87th-1st, No. 43

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HIGHLIGHTS: Senate passed feed grains bill. House committee voted to report sugar bill. Senate debated depressed areas bill.

SENATE

1. FEED GRAINS. By a vote of 52 to 26, passed with amendment H. R. 4510, to provide a special program for feed grains for 1961, after substituting for its text the amended language of S. 993 (pp. 3466-3508, 3513). Conferees were appointed (p. 3508).

Agreed to the following amendments to S. 993:

By Sen. Cooper, to permit farmers with less than 20 acres to include their entire production under the terms of the bill, rather than reducing it by 30 percent as provided in the bill as reported by the committee. pp. 3486-7

By Sen. Dirksen, to require the Secretary, not later than 90 days after enactment of the bill, to submit to the Congress a detailed report on the operation and administration of the program. p. 3501

The committee amendment of the bill as reported, which was an amendment in the nature of a substitute for the text of the bill as introduced, as amended by the above amendments of Sens. Cooper and Dirksen. p. 3507

Rejected the following amendments to S. 993:

By Sen. Dirksen, to provide that, with respect to the marketing year for the 1961 crop of any feed grain commodity for which price support is made

available under the bill, CCC shall not sell any such commodity at less than 25 percent above the current support price for such commodity, plus reasonable carrying charges. p. 3473

By Sen. Miller, to require a 30 percent reduction in feed grain acreage. Sen. Ellender explained that the proposed amendment "would permit a corn or grain sorghums producer to increase his corn acreage and still be eligible for price support and payments so long as his total acreage of feed grains in 1961 did not exceed 70 percent of his 1959-60 average acreage of all feed grains." pp. 3499-3501

2. DEPRESSED AREAS. Continued debate on S. 1, the depressed areas bill (pp. 3508-10). Agreed to a unanimous-consent agreement providing that, effective Tues., Mar. 14, debate on this bill will be limited to 2 hours on each amendment and to 6 hours on the question of final passage (p. 3467). Sen. Long, La., submitted amendments intended to be proposed to the bill during debate (p. 3459).

As reported by the Banking and Currency Committee S. 1, the depressed areas bill, includes provisions as follows:

Establishes an Area Redevelopment Administration in the Department of Commerce to be headed by an Administrator appointed by the President and subject to confirmation by the Senate.

Authorizes an Area Redevelopment Advisory Policy Board to advise the Administrator, to be composed of the following members, all ex officio: Secretary of Commerce as Chairman; Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration.

Requires the Secretary of Commerce to appoint a 25-member National Public Advisory Committee on Area Redevelopment, to be composed of representatives of labor, management, agriculture, State and local governments, and the general public.

Authorizes the Administrator to designate two types of redevelopment areas, rural and nonrural. Directs the Administrator to designate as redevelopment areas those areas which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. Requires detailed standards upon which such designations must be based. In the formulation of these standards, the Administrator is required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the U. S., the proportion of such low-income families to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the U. S., the current and prospective employment opportunities in each area, the availability of manpower in each area for supplemental employment, and the proportion of the population receiving public assistance. In making determinations concerning redevelopment areas, the Administrator is to be guided by studies made and the available information compiled by the various Federal agencies, State and local governments, universities, and private organizations.

Provides for two \$100 million revolving funds, one for industrial projects in nonrural redevelopment areas, and the other for industrial projects in rural redevelopment areas.

Authorizes a \$100 million revolving fund to be used for loans for qualified public facilities projects in redevelopment areas.

Authorizes appropriation of \$75 million for grants to provide additional financing for eligible public facilities projects in redevelopment areas.

Authorizes the Administrator to obtain funds for making loans by borrowing from the Treasury in amounts not exceeding \$300 million outstanding at any one time.

Authorizes the Administrator to extend to parties located in redevelopment areas and other areas technical information, market research data, and other forms of assistance obtainable from other Federal agencies.

Authorizes appropriation of \$4.5 million annually for technical assistance to redevelopment areas and to other areas which have need of such assistance to alleviate or prevent excessive unemployment or underemployment.

Authorizes an annual appropriation of not more than \$4.5 million for occupational training in redevelopment areas.

Authorizes an annual appropriation of not to exceed \$10 million for retraining subsistence payments to unemployed or underemployed persons.

Requires the Administrator to submit a detailed and comprehensive semi-annual report to Congress.

Authorizes the Administrator, with the approval of the President, to delegate appropriate functions to other Government agencies.

. COTTON; TEXTILES. Sen. Scott stated that he was "deeply disturbed over the effects of the newly announced Government support level for cotton," and contended that it would result in higher prices of cotton textile products, and inserted his television debate with Sens. Humphrey and Clark on the matter. pp. 3464-5

. 4-H CLUBS. Sen. Stennis commended the 4-H Club program as a "bright one with a brighter future than ever before." p. 3466

. NATURAL RESOURCES. Sen. Magnuson commended the President's recent message on natural resource development as recognizing "these resources as a basic element of national strength." p. 3511

. ADJOURNED until Mon., Mar. 13. p. 3515

HOUSE

. SUGAR. The "Daily Digest" states that the Agriculture Committee, in executive session, ordered reported, amended, H. R. 5463 (a clean bill in lieu of H. R. 3738), to extend the Sugar Act. p. D149

. SALINE WATER. The Science and Astronautics Committee issued a report on research needs for salt water conversion (H. Rept. 71). p. 3536

. STOCKPILING. Received from the General Services Administration, a notice of a proposed disposition of approximately 3,500 long tons of vegetable tannins (quebracho, chestnut, and wattle extracts) now held in the national stockpile. p. 3536

. FOREIGN TRADE. Rep. Wilson, Calif., urged the President to "prohibit commercial dealing of any sort with the Cuban Government" except for medicinal products and foodstuffs deemed essential to the minimum health requirements of the Cuban people. p. 3534

. SURPLUS FOOD. Rep. Stratton urged that unemployed persons be made eligible to receive surplus food "without the necessity of going through all of the additional redtape normally required for regular welfare recipients" and inserted several items relating to this matter.

. COMMITTEE ASSIGNMENTS. Reps. Ikard, Fountain, and Dwyer were appointed members of the Advisory Commission on Intergovernmental Relations. p. 3532

13. LEGISLATIVE PROGRAM. Rep. McCormack announced that H. R. 3980, the food additives amendment, will be considered this week. He stated that the "Easter recess will start on Thursday, March 30, and continue to and including the following Tuesday, April 4." p. 3517

14. ADJOURNED until Mon., Mar. 13. p. 3536

ITEMS IN APPENDIX

15. ELECTRIFICATION. Extension of remarks of Sen. Randolph inserting two articles discussing Interior Secretary Udall's order that a study be made of proposals to transmit electric power 1,000 miles or more. p. A1693

16. WATER PROJECTS. Extension of remarks of Rep. Aspinall inserting an article outlining some water projects that are underway or planned throughout Colorado. pp. A1701-2

17. ETHICS. Extension of remarks of Sen. Proxmire inserting a Wisc. Federation of Women's Clubs endorsement of a Code of Ethics for Legislators and Public Officials. p. A1702

18. RESEARCH. Extension of remarks of Sen. Magnuson inserting an article expressing enthusiasm about the President's advocacy of an expanded research program in oceanography. p. A1704

19. FARM PROGRAM. Extension of remarks of Rep. Evins inserting his weekly newsletter reviewing "first actions" of the Administration, including an expanded food distribution to the needy and the establishment of a food-for-peace program. pp. A1716-7

Extension of remarks of Rep. Ellsworth inserting an article, "Success Problems," suggesting that the "farm problem" is not an agricultural problem at all, but a "marketing and technological unemployment problem resulting from a dramatic agricultural success." p. A1717

20. FARM LABOR. Rep. O'Hara inserted Michael Coleman's, president of the Young Christian Workers, statement before the House Agriculture Committee opposing the proposed extension of the Mexican farm labor program. pp. A1717-8

21. CONSERVATION. Extension of remarks of Rep. Ullman inserting a magazine editorial and stating that it "gives the cattleman's viewpoint on the issue of range conservation." pp. A1719-20

22. FOREIGN AID. Extension of remarks of Rep. Evins inserting correspondence between himself and Secretary of Treasury Dillon "regarding the costs of our foreign aid program with particular reference to their bearing on our currently unfavorable balance of international payments." p. A1723

BILLS INTRODUCED

23. TRANSPORTATION. S. 1283, by Sen. Magnuson (by request), to amend the Interstate Commerce Act to provide civil liability for violations of such act by common carriers by motor vehicles and freight forwarders; to Interstate and Foreign Commerce Committee. Remarks of author. pp. 3455-6

S. 1284, by Sen. Magnuson (by request), to repeal section 303(b) of the Interstate Commerce Act, as amended, relating to the water-carrier bulk commodity exemption; to Interstate and Foreign Commerce Committee.

RECORD and lie on the desk, as requested by the Senator from Minnesota.

The joint resolution (S.J. Res. 64) to authorize the President of the United States to award posthumously a medal to Dr. Thomas Anthony Dooley III, introduced by Mr. HUMPHREY, was received read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, in recognition of the gallant and unselfish public service rendered by Doctor Thomas Anthony Dooley III in serving the medical needs of the people of Laos living in the remote areas of the Laotian jungles, and of peoples in other newly developing countries, the President of the United States is authorized to award posthumously to Doctor Thomas Anthony Dooley III, in the name of Congress, an appropriate gold medal. For such purpose, the Secretary of the Treasury is authorized and directed to cause to be struck a gold medal with suitable emblems, devices, and inscriptions to be determined by the Secretary. There is hereby authorized to be appropriated the sum of \$2,500 for this purpose.

SEC. 2. The Secretary of the Treasury shall cause duplicates in bronze of such medal to be coined and sold, under such regulations as he may prescribe, at a price sufficient to cover the cost thereof (including labor), and the appropriations used for carrying out the provisions of this section shall be reimbursed out of the proceeds of such sale.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that an article from the American Medical Association News of March 6, 1961 paying tribute to Dr. Dooley be inserted at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AMA BOARD PAYS TRIBUTE TO DR. DOOLEY

The late Thomas A. Dooley, M.D., founder of Medico and world renown for his work in Laos, was honored by the board of trustees of the American Medical Association in a testimonial adopted at its recent meeting.

Dr. Dooley, who died of cancer in January at the age of 34, was praised as one who "carried to the underdeveloped areas the image of the healer—selfless, interested in helping rather than getting."

"Dr. Dooley represented medicine in its finest traditions," said the testimonial, "and the AMA hopes his work will serve as an inspiration to others to serve the sick and suffering in other lands."

MEDICAL AMBASSADOR

"Recent events have demonstrated, as never before, the necessity for greater understanding among the world's peoples. Medical ambassadors, such as Dr. Dooley, can be mighty weapons in the relentless cold war since they carry both good will and benefit to humanity in their satchels.

"Because the health of all peoples is interrelated, the AMA has embarked upon a new program of international health with projects to assist medical missionaries and cooperative programs with the World Medical Association, the World Health Organization and other national medical associations.

"Since the world looks to America to provide leadership in many fields, including medicine, we will encourage young physicians to help fight disease wherever it may be. We will also encourage more programs which provide medical students the opportunity to study in underdeveloped areas under

American physicians now serving in those areas."

THE GOOD AMERICAN

"The work of Dr. Dooley provided a bridge for bringing together peoples widely separated in space and customs, and thereby increasing mutual understanding and good will so vitally needed.

"Dr. Dooley won the reputation of 'the good American' for his dedication to the art of healing and constructive work for peace. Others are needed to carry on this work in Laos and other underdeveloped areas throughout the world.

"What he lacked in modern medical facilities, he made up in human warmth and compassion. His hospitals became symbols around which men of good will rallied. And he carried to the underdeveloped areas the image of the healer—selfless, interested in helping rather than getting. For 'whatsoever house he entered, there he went for the benefit of the sick.'"

AREA REDEVELOPMENT, 1961—AMENDMENTS

Mr. LONG of Louisiana. Mr. President, I submit amendments, intended to be proposed by me, to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas. I ask unanimous consent that a statement explaining the amendments be printed in the RECORD.

The VICE PRESIDENT. The amendments will be received, printed, and will lie on the table; and, without objection, the statement will be printed in the RECORD.

The statement presented by Mr. LONG of Louisiana is as follows:

Senator LONG's amendment concerns the continued activation or reactivation of permanent military installations in redevelopment areas and in other areas. This amendment would operate in four different cases:

1. Where the permanent military installation is in a redevelopment area and is to be closed or moved for reasons of economy, the Long amendment would prohibit the closure.

2. Where a permanent military installation is in a redevelopment area and has been closed or moved within the past 5 years, for reasons of economy, but is useful for military purposes and justified in other respects, the Long amendment would require the installation to be reactivated.

3. Where a permanent military installation is not in a redevelopment area and is to be closed or moved for reasons of economy, the Long amendment would require an investigation of the effects of the closure, including the gain or loss of money to all levels of government, and a report of the investigation to the Secretary of Defense and to the Congress before the deactivation could take place.

4. Where a permanent military installation is not in a redevelopment area and has been closed or moved for reasons of economy within the past five years, the Long amendment would require an investigation of the effects of the closure, including the gain or loss of money to all levels of government, and a report of the investigation to the Secretary of Defense and to the Congress upon which a possible decision to reactivate the installation could be made.

The importance of the third and fourth categories is emphasized by the fact that a decision taken in the name of economy may

in actuality have the opposite effect. For example, it is possible that the closure of a military base might result in the saving of \$2 million in the operating budget of the Army, but be accompanied by a \$20 million loss on FHA-guaranteed mortgages. If it is necessary to reactivate the base within 10 years, there would have been a net loss to the Government, although there would have been a saving to a single department. These are the kind of economies "which break the taxpayer's back." Presently, there is no agency to consider the overall aspects of such decisions.

ESTABLISHMENT OF ADDITIONAL FUND FOR FISHERY RESEARCH PROGRAMS AND FISHERIES REHABILITATION AND DEVELOPMENT PROJECTS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of March 7, 1961, the names of Senators BUTLER, DODD, HOLLAND, JAVITS, JORDAN, KEATING, and KUCHEL were added as additional cosponsors of the bill (S. 1230) to amend the Saltonstall-Kennedy Act so as to establish an additional fund for fishery research programs and fisheries rehabilitation and development projects, and for other purposes, introduced by Mr. GRUENING (for himself and other Senators) on March 7, 1961.

CONTINUATION OF COLLEGE HOUSING PROGRAM—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of March 7, 1961, the names of Senators BARTLETT, CHAVEZ, CHURCH, CLARK, HART, HUMPHREY, JACKSON, YARBOROUGH, LONG of Missouri, GRUENING, MAGNUSON, LONG of Hawaii, and AIKEN were added as additional cosponsors of the bill (S. 1245) to amend title IV ("Housing for Educational Institutions") of the Housing Act of 1950, as amended, introduced by Mr. SPARKMAN (for himself and other Senators) on March 7, 1961.

SPECIAL COMMITTEE ON NATIONAL FUELS STUDY—ADDITIONAL COSPONSORS OF RESOLUTION

Under authority of the orders of the Senate of March 2, and March 7, 1961, the names of Senators BARTLETT, BEALL, BENNETT, BIBLE, BOGGS, BRIDGES, BURDICK, BUSH, BUTLER, BYRD of Virginia, CAPEHART, CARROLL, CHAVEZ, CHURCH, CLARK, COOPER, COTTON, DIRKSEN, DODD, DOUGLAS, ENGLE, FONG, GORE, GRUENING, HART, HARTKE, HICKEY, HILL, HOLLAND, HUMPHREY, JACKSON, JAVITS, JOHNSTON, KEATING, KEFAUVER, LAUSCHE, LONG of Hawaii, MCCARTHY, McCLELLAN, McGEE, McNAMARA, MAGNUSON, METCALF, MORSE, MORTON, MOSS, MUSKIE, NEUBERGER, PASTORE, PELL, PROXMIRE, ROBERTSON, SALTONSTALL, SCOTT, SMITH of Massachusetts, SPARKMAN, SYMINGTON, WILEY, WILLIAMS of New Jersey, YOUNG of North Dakota, and YOUNG of Ohio were added as additional cosponsors of the resolution (S. Res. 105) to create a Special Committee on National Fuels Study,

submitted by Mr. RANDOLPH (for himself and Mr. BYRD of West Virginia) on March 2, 1961.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. RANDOLPH:

Excerpts from statement by Joseph E. Moody, president, National Coal Policy Conference, in rebuttal to Secretary Udall's announcement on residual oil imports.

Article entitled "One Hundred-and-Fifty-Million-Dollar Plant Proposed in West Virginia by Virginia Power," published in the Washington Post of Friday, March 10, 1961.

By Mr. YARBOROUGH:

Excerpts from address delivered by William Q. Cooper, national commander of the Disabled American Veterans, before the Disabled American Veterans in Amarillo, Tex., March 4, 1961.

By Mr. MILLER:

Editorial entitled "A Problem That Is Being Solved," published in the Mason City, Iowa Globe-Gazette of January 11, 1961.

By Mr. MAGNUSON:

Editorial entitled "Kennedy and Sea Resources," published in the Seattle Times of February 24, 1961.

By Mr. WILEY:

Article entitled "Loyalty Day—Americanism in Action," written by Thomas B. Dean, chairman, Veterans of Foreign Wars National Loyalty Day Committee, and published in the Veterans of Foreign Wars magazine for March 1961.

Article entitled "What Liberty Is," written by Wendell J. Brown, of the Chicago bar, and published in the American Bar Association Journal for March 1961.

By Mrs. NEUBERGER:

Article entitled "How To Hurt Both Religion and Education," written by James Reston, and published in the New York Times of March 10, 1961.

By Mr. WILLIAMS of New Jersey:

Article entitled "What Rapid Transit Has Done for Toronto," published in the February 1961 issue of Metropolitan Transportation.

Article entitled "Broad Plan To Revitalize Downtown Is Unveiled," written by George Wilson and published in the Washington Evening Star of recent date; also article entitled "Suggestions for the City Square," written by Grady Clay and published in the Journal of the American Institute of Architects for September 1958, which will appear hereafter in the Appendix.

Editorial entitled "Open Spaces Bill," published in the Washington Post of February 11, 1961; also editorial entitled "Conservation of the Open Spaces," published in the Camden (N.J.) Courier-Post of February 27, 1961, dealing with problems of open space.

Editorial entitled "Out of the Traffic Jam," published in the Christian Science Monitor of February 13, 1961, dealing with the mass transportation problem.

By Mr. KEATING:

Letter from Dean Jerome Prince, Brooklyn Law School, dated March 3, 1961, concerning the use of wiretap evidence.

By Mr. HARTKE:

Concurrent resolution of the Legislature of the State of Indiana, relating to relief from flood conditions along the rivers and streams of the State of Indiana; and

Excerpts from the acts of the 92d General Assembly of the State of Indiana.

By Mr. PROXMIRE:

Letter of February 27, 1961, to him from

Mrs. L. F. Motl, chairman of legislation, Wisconsin Federation of Women's Clubs, and resolution of federation relating to Code of Ethics for Legislators and Public Officials.

By Mr. JAVITS:

Statement approved at a meeting of the National Foreign Trade Council supporting the U.S. participation in Organization for Economic Cooperation and Development.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J. Res. 289) relating to the time for filing a report on renegotiation by the Joint Committee on Internal Revenue Taxation, and it was signed by the Vice President.

THOMAS E. STAKEM, CHAIRMAN, FEDERAL MARITIME BOARD

Mr. BUTLER. Mr. President, among the host of appointments made by the President, one indisputably excellent choice is that of Thomas E. Stakem as Chairman of the Federal Maritime Board. Mr. Stakem possesses broad experience and knowledge of maritime affairs, and shipbuilders and ship operators alike look to him with confidence and continuing hopes for a rejuvenated industry.

In Wednesday's Baltimore Sun, an editorial entitled "Maritime Man" summarizes succinctly the qualifications of Mr. Stakem, concluding:

Mr. Kennedy can be certain of one thing: Mr. Stakem is an advocate of a stronger merchant marine under the American flag.

I believe that the President can also be certain that the maritime industry approves wholeheartedly his choice for Chairman of the Federal Maritime Board, whose duty to preserve and strengthen the American merchant marine is more urgent today than ever before.

Mr. President, I ask unanimous consent that the editorial in the March 8 edition of the Baltimore Sun, entitled "Maritime Man," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MARITIME MAN

Members of the Federal Maritime Board are appointed by the President with the advice and consent of the Senate. The President alone holds the right to choose the Chairman from among the members and the man so chosen heads the Maritime Administration—the agency which administers the Federal Government's shipbuilding, ship operation and port development programs. The reasons for Maryland's special interest are obvious: We have one of the leading ports of the country with a heavy investment in shipbuilding and ship repairing.

Last June when Vice Adm. Ralph E. Wilson, Deputy Chief of Naval Operations for Logistics, retired from the service, President Eisenhower appointed him to the Maritime Board and then named him Chairman. President Kennedy has now made a change;

he has selected member Thomas E. Stakem for that post.

There was some wholly groundless objection to the Wilson appointment and designation; it was even claimed on the west coast that while Admiral Wilson was born in Colorado and reared in Oregon he was a resident of Chevy Chase, Md., and so would be inclined to give special consideration to Maryland.

We have heard no such claim about Mr. Stakem but it is interesting to note that he was born in Midland, Md., and his wife is from the same community. However, he is now a resident of Arlington, Va. But one thing is clear: Mr. Stakem is well prepared for his job. He began his civil service with the Federal Bureau of Investigation. He joined the old Maritime Administration as chief investigator in 1943. Ten years ago he became assistant to the Deputy Maritime Administrator. In 1956 he became a member of the Board. Mr. Kennedy can be certain of one thing: Mr. Stakem is an advocate of a stronger merchant marine under the American flag. Whether this can be taken as an indication of the Kennedy view remains to be seen.

SHELLFISH PROBLEMS

Mr. BUTLER. Mr. President, for centuries Maryland and oysters have been as synonymous as Virginia and baked ham, Boston and baked beans, Florida and orange juice. But of late the Maryland oyster industry has been threatened by a deadly blight which has worked its way down the Atlantic coast and into the lower reaches of Chesapeake Bay. Fortunately, Maryland has not yet been attacked by the blight organism, but every attempt is being made to research this mysterious blight.

That research, Mr. President, is being conducted on the Eastern Shore of Maryland. In the words of a recent front page article by Maurice Rimpo, editor of the Cambridge Banner, "the Nation's oyster industry is looking to the Eastern Shore for answers to the problem of the disappearing oyster." The article goes on to describe the work of the Bureau of Commercial Fisheries' new biological laboratory in Oxford, Md.

In an accompanying editorial, the Banner newspaper emphasized the importance of accepting scientific fact as the basis for conservation policy, for without this acceptance, the oyster industry may fall so far that it will never rise again.

The editorial somberly remarks:

It is hard to see much future for the seafood industry unless current attitudes change. The short-range outlook is not good even though scientists tell us Maryland's production prospects are brighter than any other area in the Nation.

In view of the national importance of the biological laboratory and the commonsense contained in the aforementioned editorial, Mr. President, I ask unanimous consent to have the article "Nation Looks to Oxford Lab for Answers to Its Shellfish Problems," and the editorial "Unless Attitudes Change," both in the March 8 edition of the Cambridge Banner, printed in the RECORD.

There being no objection, the article and editorial was ordered to be printed in the RECORD, as follows:

The question now is on agreeing to the committee amendment.

Mr. MANSFIELD. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 7]

Aiken	Engle	Miller
Allott	Ervin	Morse
Anderson	Gruening	Morton
Bartlett	Hart	Mundt
Beall	Hartke	Muskie
Bennett	Hayden	Neuberger
Bible	Hickenlooper	Pastore
Boggs	Hickey	Pell
Bridges	Hill	Proxmire
Burdick	Holland	Randolph
Bush	Hruska	Robertson
Butler	Humphrey	Russell
Byrd, Va.	Jackson	Saltonstall
Byrd, W. Va.	Javits	Schoeppel
Cannon	Johnston	Scott
Carlson	Jordan	Smathers
Carroll	Keating	Smith, Mass.
Case, N.J.	Kefauver	Smith, Maine
Case, S. Dak.	Kuchel	Sparkman
Chavez	Lausche	Stennis
Church	Long, Mo.	Symington
Clark	Long, Hawaii	Talmadge
Cooper	Long, La.	Thurmond
Cotton	Magnuson	Wiley
Curtis	Mansfield	Williams, N.J.
Dirksen	McCarthy	Williams, Del.
Dodd	McClellan	Yarborough
Douglas	McGee	Young, N. Dak.
Dworschak	McNamara	Young, Ohio
Ellender	Metcalfe	

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. KERR], and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from Texas [Mr. BLAKLEY], and the Senator from Oklahoma [Mr. MONROE] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Hawaii [Mr. FONG], and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The VICE PRESIDENT. A quorum is present.

The Chair recognizes the Senator from Montana.

INVESTIGATION OF MATTERS RELATING TO MIGRATORY LABOR—CALENDAR NO. 61, SENATE RESOLUTION 86

Mr. MANSFIELD. Mr. President, yesterday, during consideration of various resolutions from the Committee on Rules and Administration, the Senate passed over Calendar No. 61, Senate Resolution 86, relating to migratory labor. This appears on page 3331 of the RECORD.

The Daily Digest, however, shows this resolution to have been adopted. It does not appear on today's printed calendar of business. For the information of the Senate, however, I announce that the resolution was in fact passed over yesterday, and was not adopted.

It is the intention of the leadership

to consider this resolution at an early date.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader and other interested Senators, I send to the desk a proposed unanimous-consent agreement and ask that it be read and considered.

The VICE PRESIDENT. The clerk will state the proposed agreement.

The Chief Clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Tuesday, March 14, 1961, at the conclusion of routine morning business, during the further consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: Provided, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 6 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: Provided, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana?

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object—I wish to clarify two points:

First, must an amendment which is to be subject to this debate limitation, or entitled to the benefit of it, be now on the desk? May it be offered subsequently?

Mr. MANSFIELD. It may be offered subsequently.

Mr. JAVITS. The second question deals with a matter which has sometimes been called into question. I understand that the leaders may yield time from the time on the bill to debate a particular amendment, longer, perhaps.

Mr. DIRKSEN. That is provided for.

Mr. MANSFIELD. Yes.

The VICE PRESIDENT. Is there objection?

Mr. BUSH. I am sorry I was late. May I ask what the suggested agreement is?

Mr. MANSFIELD. It would limit the debate to 2 hours on any amendment or substitute, and to 6 hours on the bill;

and the limitation would start after the morning hour on Tuesday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is entered.

FEED GRAINS PROGRAM FOR 1961

The Senate resumed the consideration of the bill (S. 993) to provide a special program for feed grains for 1961.

Mr. MANSFIELD. Mr. President, I am delighted that the distinguished ranking minority member of the Committee on Agriculture and Forestry and the chairman of that committee, the Senator from Louisiana [Mr. ELLENDER], are on the floor. I wish to announce to the Senate that there is a strong possibility that there may be a yeas-and-nays vote on final passage of the feed grain bill. Does the Senator from Louisiana have anything to say on that subject?

Mr. ELLENDER. So far as I am concerned, I shall not ask for a yeas-and-nays vote. If any other Senator desires to do so, that is his privilege, of course.

Mr. AIKEN. I do not know what may develop in the course of the debate. It is not my intention at this time to request a yeas-and-nays vote.

Mr. KEATING. I shall be very happy to ask for the yeas and nays.

Mr. JAVITS. I ask for the yeas and nays.

Mr. BUSH. I make the same request.

The VICE PRESIDENT. The Chair understands this request to be for a yeas-and-nays vote on final passage. Is that correct?

Mr. ELLENDER. Yes.

Mr. KEATING. Yes.

The yeas and nays were ordered on final passage of the bill.

Mr. MANSFIELD. The Senate is now on firm ground and on notice.

Mr. AIKEN. The reason why I said I would not request a yeas-and-nays vote is that I believe the Senate bill is very much better than the House bill. The yeas and nays have now been ordered, and that is that. I should like briefly to speak on the bill itself.

The VICE PRESIDENT. The Senate will be in order. Those who desire to converse will please retire to the cloak-rooms.

Mr. AIKEN. Mr. President, the bill which is now before the Senate is definitely a more acceptable bill than the one which was passed by the House yesterday. I wish to give credit for its improvement to the chairman of the Committee on Agriculture and Forestry, who has done a great deal of work in trying to bring about legislation which will be as beneficial as possible and the least harmful as possible.

I do not believe that the bill as it is now written is going to do as much good as its proponents expect it will. On the other hand, the House bill contains section 3, which authorizes the Secretary of Agriculture to sell feed grains at 17 percent below the support price. The purpose of the provision, I believe, is to permit him to use that authority as a persuader to encourage more producers of feed grains to enter the program. However, that provision in the House bill

If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Tennessee would vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Hawaii [Mr. FONG], and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The pair of the Senator from Indiana [Mr. CAPEHART] has been previously announced by the Senator from Florida [Mr. SMATHERS].

The Senator from Kansas [Mr. SCHOEPP] is absent on official business, and his pair has been previously announced by the Senator from New York [Mr. KEATING].

If present and voting, the Senator from Arizona [Mr. GOLDWATER] would vote "nay."

The result was announced—yeas 52, nays 26, as follows:

[No. 8]

YEAS—52

Allott	Gruening	Morse
Bartlett	Hart	Morton
Bible	Hartke	Mundt
Burdick	Hayden	Muskie
Cannon	Hill	Proxmire
Carlson	Hruska	Randolph
Carroll	Humphrey	Russell
Case, S. Dak.	Jackson	Smith, Mass.
Chavez	Johnston	Sparkman
Church	Long, Mo.	Stennis
Clark	Long, Hawaii	Symington
Cooper	Magnuson	Talmadge
Curtis	Mansfield	Wiley
Dirksen	McCarthy	Yarborough
Douglas	McClellan	Young, N. Dak.
Ellender	McGee	Young, Ohio
Engle	McNamara	
Ervin	Metcalf	

NAYS—26

Aiken	Byrd, W. Va.	Lausche
Anderson	Case, N. J.	Miller
Beall	Cotton	Pell
Bennett	Dodd	Saltonstall
Boggs	Dworshak	Scott
Bridges	Hickenlooper	Smith, Maine
Bush	Holland	Williams, N. J.
Butler	Javits	Williams, Del.
Byrd, Va.	Kuchel	

NOT VOTING—22

Blakley	Jordan	Pastore
Capehart	Keating	Prouty
Eastland	Kefauver	Robertson
Fong	Kerr	Schoeppel
Fulbright	Long, La.	Smathers
Goldwater	Monroney	Thurmond
Gore	Moss	
Hickey	Neuberger	

So the bill (H.R. 4510), as amended, was passed.

Mr. ELLENDER. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table. The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I move that the Senate insist upon its amendment and request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON, Mr. HOLLAND, Mr. TALMADGE, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. HICKENLOOPER conferees on the part of the Senate.

Mr. ELLENDER. Mr. President, I move that the bill be printed with the Senate amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. HOLLAND. Mr. President, I voted against passage of the bill just passed because I believe it cannot accomplish the good results which undoubtedly have motivated those who have drafted and supported it. Particularly have I been unwilling to be too active in my opposition, because it is an emergency, 1-year bill, and because the distinguished Senator from Louisiana [Mr. ELLENDER], the chairman of our committee, worked so hard to improve the bill as it came to our committee and did improve it greatly. I wish the RECORD to show, however, that no citizen of my State—not one single citizen—has asked me to support the bill. To the contrary, the Farm Bureau Federation, the largest organization of farm people in my State, is strongly opposed to it. The cattle people likewise are opposed to it.

I ask unanimous consent to have printed in the RECORD at this point three telegrams which I received yesterday. One is from the president of the State Poultry Producers Association of my State, the second is from the president of the State Dairymen's Association, and the third is from the president of the Florida Hatchery & Breeders' Association. All of them are vigorously opposed to the bill.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

TAMPA, FLA., March 9, 1961.

Senator SPESSARD HOLLAND,
Senate Office Building, Washington, D.C.:
The Florida State Poultry Producers Association goes on record as opposing Senate bill 993.

Sincerely yours,

J. E. HARVEY,
President, Florida State Poultry Producers Association.

JACKSONVILLE, FLA., March 9, 1961.

Senator SPESSARD L. HOLLAND,
Senate Office Building, Washington, D.C.:

As purchasers of millions of dollars worth of dairy green feeds annually we urge your opposition to Senate bill 993 which it appears would further increase the prices we pay for these feeds.

JOHN ADKINSON,
President, Florida State Dairymen's Association.

ST. PETERSBURG, FLA., March 9, 1961.

Senator SPESSARD HOLLAND,
Senate Office Building, Washington, D.C.:

Urge your opposition to Senate bill 993. Raised feed grain supports make profitable poultry and egg production difficult without similar supports.

JOHN P. WALLACE,
President, Florida Hatchery and Breeders Association.

Mr. ANDERSON. Mr. President, I wish to compliment the Senator from Florida on his statement and to say that, like him, I voted "no" on passage of the bill. I also wish, however, to join him in complimenting the chairman of the Committee on Agriculture and Forestry,

who brought to the floor of the Senate a far better bill than the House bill. While it does not follow some of the ideas that we have, I know that the Senator from Louisiana has worked hard to improve on the emergency situation. I compliment him on it.

AREA REDEVELOPMENT ACT

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of Senate bill 1.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate resumed the consideration of the bill.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader about the schedule for next week.

Mr. MANSFIELD. The pending bill is the only bill under general orders on the calendar at the present time. As the Senator knows, unanimous consent agreement was entered into earlier, under which 2 hours of debate has been allocated to any amendment, and 6 hours to the bill itself, beginning at the conclusion of the morning hour on Tuesday next.

I anticipate that we shall probably spend Tuesday and perhaps a part of Wednesday, at least, on the consideration of the depressed areas bill.

Then it is my hope that we will follow the consideration of that bill by consideration of the OECD Treaty, and perhaps the Columbia River Basin Treaty, which probably will have been reported by the Committee on Foreign Relations by that time.

Then, if the Committee on Finance reports the extension of unemployment compensation bill, that bill likewise will be taken up next week.

There will be no further votes tonight, and, so far as I can foresee at the present time, there will be no votes on Monday. However, from Tuesday on every Senator should be on notice to be present.

Mr. DIRKSEN. I thank the Senator.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. RANDOLPH. Mr. President, through the proposed legislation before us we seek to provide means whereby economically depressed communities and areas might take appropriate actions for

redevelopment in order to provide more job opportunities and to improve their economy.

West Virginia has been much in the news and under discussion as a State with an inordinately high percentage of unemployment and the misery which accompanies persistent joblessness.

Our State is literally honeycombed with areas of chronic labor surplus.

I regret the necessity of verifying that the situation not only has failed to improve, but, in fact, has worsened since we considered similar proposed legislation in the 86th Congress.

Within the past few hours I have received from the director of the West Virginia Department of Employment Security the latest report—for the week ending March 4, 1961—concerning the unemployment situation in our State.

Not only do the chronic labor surplus areas retain the "chronic" label—the "substantial and persistently chronic" label—but, in fact, the report for March 4, 1961, reveals that initial claims for unemployment compensation were 23.7 percent higher than a year ago, the number of continued claims were 55.8 percent higher, and the total of all claims increased by 50.7 percent over the total for the same period in 1960.

Even the most sanguine of us, Mr. President, will not, I am sure, subscribe to a belief that this type of an area redevelopment measure—or any similar legislation—will solve all of the economic problems of West Virginia or any other State; nor will it fashion the means by which all of the unemployed will be provided with job opportunities.

It is important for me at this point to state that, insofar as chronic labor surpluses are concerned, I conceive this bill to be the foundation—or at least the cornerstone of the foundation—on which economic rebuilding must proceed. Unless these communities, represented on the charts and maps, which have been presented to the Senate by my esteemed colleague from West Virginia [Mr. BYRD], are provided the tools offered by this proposal, there cannot be any substantial refurbishing of the economic structure as the required first step toward establishing a basis for new jobs and new growth.

The 85th and the 86th Congresses established the principle that area redevelopment legislation is a necessary part of the arsenal of means which must be available to our Government in this era of rapid and even revolutionary technological change.

I say in the presence of the distinguished senior Senator from Illinois [Mr. DOUGLAS], who has led the fight, and I say it in the presence of other Senators on the floor, that only through the dedicated service such as we have had from the Senator from Illinois has this legislation progressed so satisfactorily. The task force has assisted. Members of Congress have worked with him, and we come again today pleading our cause.

The 87th Congress must and will reaffirm this principle and provide the means which, we are certain, will not this time be denied our people by the stroke of the Executive pen.

Congress has acted affirmatively. We know that this bill will not be killed by Presidential action in the form of a veto. The present Chief Executive is vigorous in his support of this type of legislation.

Mr. President, one of the arguments registered against the proposed measure—by some spokesmen of industry, as well as by Members of this body—has been generated by a concern for the bill as a possible instrument for luring or "pirating" industry from one region of the country to another. Though evidence and questioning during committee hearings on this measure, and the language embodied in the bill as it has been presented, indicate safeguards against its use for any such purpose, I shall make my own position on the matter definite and clear.

The Senator from Illinois has recognized this problem in his understanding manner.

Mr. DOUGLAS. Mr. President, will the Senator from West Virginia yield?

Mr. RANDOLPH. I am glad to yield to the Senator from Illinois.

Mr. DOUGLAS. Section 6(a) states:

Such financial assistance shall not be extended (1) for working capital or (2) to assist establishments relocating from one area to another.

Is not that a direct prohibition against pirating?

Mr. RANDOLPH. The Senator is correct. I appreciate confirmation of this provision of the bill which, of course, is important.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. MAGNUSON. I should like to have the Senator from West Virginia know that I shall vote for the bill.

Mr. RANDOLPH. I thank the Senator from Washington. I know he will vigorously support the proposed legislation.

In addressing this point during the committee hearings, Secretary Hodges referred to his own philosophy as Governor of North Carolina when he was so highly successful in bringing new industries to that State. He formulated his position, and that of the State of North Carolina at that time, in the following words:

We don't want anybody to move anything they have got to North Carolina. We don't want anybody to come down for low wages under any conditions. The country is growing. We want whatever part we deserve of the expansions that you are going to have in this growing economy.

Mr. President, Secretary Hodges is to be commended, as Secretary and as the former Governor of North Carolina, for his forthright position on this issue. And speaking as a West Virginian, I concur most heartily in the Secretary's statement. Our concern for the proposed legislation is motivated by no desire to benefit the State of West Virginia by losses to another State or region. Our experience with the ravages of unemployment has been too long and too severe for us to desire to have any part in extending the problem to others. And I emphatically add, in view of some of the recent unfortunate differences of

opinion that have arisen between my section and another, that the assurances I have just expressed are offered with particular reference to my honored colleagues from New England.

Mr. President, as an avid advocate of legislation of this type, as one who feels very keenly the need for it, I believe it is incumbent upon me to discuss briefly, at least, two general features of the proposed measure as it has been reported by the Committee on Banking and Currency.

The first of these is the question of a unified administrative authority for area redevelopment. The importance of this factor and the concern for it on the part of the proponents of the bill are evidenced by its frequent recurrence in the hearings before the Subcommittee on Stabilization.

On no less than four occasions, during the testimony of Secretaries Freeman, Goldberg, and Hodges, the issue was raised, not only by the astute chairman of the subcommittee, the senior Senator from Illinois [Mr. DOUGLAS], but also by the senior Senator from Pennsylvania [Mr. CLARK] and the junior Senator from Wisconsin [Mr. PROXMIRE]. It was our regard for this need that led the author of the measure and those of us who cosponsored the Douglas-Cooper bill in the 86th Congress to press for an independent Area Redevelopment Administration. However, the views of the administration and of a majority of the members of the Senate Banking and Currency Committee were opposed to this, and their views have apparently prevailed.

Yet the problem of assuring unity and coherence in the administration of area redevelopment activities still persists; and, speaking for myself, at least, I must confess that my anxiety on this point has not wholly been alleviated by reading the testimony of Secretary Hodges. On this issue and on the administrative structure proposed by the Secretary of Commerce, the chairman of the subcommittee posed the following question during the hearings:

Suppose you get an area such as the northern or western Appalachians or the southern or eastern Appalachians, where you have a whole area involved, and you need an area plan which will involve some community facilities, such as industrial water, industrial parks, which will involve a farm program, which will involve a retraining program, which will involve the bringing in of manufacturing concerns or possibly other industries, is there not a danger of excessive fragmentation * * *? You would be farming these projects out, and where would you get coherence and a balance between these plans? Would not, under this system of fragmentation, the applicants run themselves quite dizzy running around from one place to another?

This inquiry, Mr. President, goes to the very core of the issue. I say with some regret, but with every respect for the integrity and the capability of Secretary Hodges, that his answer to the question posed by the senior Senator from Illinois was somewhat less than reassuring. In the last analysis, it appears, the Secretary of Commerce would have the authority to veto conflicting

decisions taken by other participant executive agencies—that is, by the Department of Agriculture, the Labor Department, the Housing and Home Finance Agency, and others. But an untutored applicant—and we must remember such applicants—might wear thin his shoe leather when shuttling from one agency to another, before the Department of Commerce resolved the problems which inevitably will be inherent in most community project applications which will come from the areas of chronic unemployment.

I say this with no reflection upon the highly capable and conscientious executives who recently have been placed at the head of the respective departments and agencies that would be involved in the administration of area redevelopment activities as interpreted by the Secretary of Commerce.

On the contrary, I believe that the very measure which we are considering will create what may become—and I weigh my words—a hydra-headed creature of irresolution and conflicting authority, despite the best of intent and purpose on the part of participants involved. It is asking much, Mr. President, to expect three or four executive departments and two or three agencies to function promptly, harmoniously, and effectively in administering a single, unified, and coherent policy. It may be done, and I hope that it will be done. But if it is, I suspect that it will be an event unique in the annals of the history of the Federal bureaucracy.

I want the RECORD to show my skepticism on this point, Mr. President, and my belief that the pending measure places an extremely heavy burden upon the future Administrator of this program. We often hear the cliché that ours is a Government of laws, not of men. But ours is, in fact, a government of men who are administering laws. And when the Congress passes inadequate, ineffective, or cumbersome laws, it places an additional burden upon the executives whose responsibility it is to administer them. The American people have been exceptionally fortunate in the high quality of the executive personnel who have been drawn to President Kennedy's New Frontiers. But we have not always been so fortunate, and we may not assume that in the future we shall always have such good fortune.

Too much time already has been lost in connection with the process of bringing legislation of this type into being as a statute. We should already have behind us 2 years of experience with such a statute, and we would have had this degree of experience if the Douglas-Payne bill of 1958 had not been subjected to a pocket veto. Hence, I would not wish to cause further delay in our progress on this legislation, by engaging in a frontal attack upon its provisions for administration. But I frankly note for the RECORD the fact that I would deplore a fragmentation of the administration of the various facets of the program embraced by this measure.

Mr. President, I feel that the results of the enactment of the bill will, in the main, be most productive. I do not be-

lieve that any miracle will be wrought; but this bill is a meaningful measure, and I believe its prompt enactment will bring into being forces which will benefit the areas of the country in which chronic unemployment has cut so deeply into the lives of our people.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. DOUGLAS. I want to thank the Senator from West Virginia for his very understanding address. No one has been a stronger supporter of the general purpose of this measure than has the Senator from West Virginia. He was a consultant to the economic task force and was of tremendous help.

I, too, would have preferred a separate administration; but out of a desire to reach a moderate compromise, if that was possible, we agreed to put the administration in the Department of Commerce, but under a separate administrator appointed by the President. I had hoped that this attempt at compromise would be satisfactory to all groups.

I was deeply surprised and pained, therefore, when the Senator from Arkansas [Mr. FULBRIGHT] objected to this compromise and insisted on having the whole administration in the Department of Commerce, subject to the Secretary of Commerce, and with only delegated powers given to the administrator. I am afraid that this action will lead to cross purposes, and that we shall have the Department of Commerce passing on agricultural projects, on housing and home finance projects, and on Department of Labor projects.

So I hope very much that this sincere effort at moderation and compromise can be maintained when we come to a vote next Tuesday, and I want to thank the Senator from West Virginia for his very understanding comments.

Mr. RANDOLPH. Mr. President, I delay the Senate only a minute to say that I share the concern of the Senator from Illinois. I also commend him for what I am sure are his successful efforts in compromise. I hope my words are not negative, because sometimes it takes as much courage to compromise as it does to stand for a certain position and not alter that position.

I know that what the Senator from Illinois and his colleagues on the committee made real effort to reach at least some area of understanding, with mutual respect and appreciation of the problems, so we can move forward to passage of this bill, hoping and believing it will be helpful, and knowing that any errors which creep into its administration we shall later move to correct.

Mr. MORSE. Mr. President, will the Senator yield, so I may ask the Senator from Illinois a question?

Mr. RANDOLPH. Yes.

Mr. MORSE. I should like to ask the Senator from Illinois if the bill he has reported to the floor of the Senate is, in his opinion, a bill which is in line with the President's program in regard to this matter, including his views.

Mr. DOUGLAS. I believe so. The Senator from Minnesota [Mr. HUMPHREY] made a statement last night that

it was his understanding that, so far as the administrative features of it were concerned, they were not unsatisfactory to the President.

Mr. MORSE. So far as I am concerned, that factor is a major one with me. I intend to support the bill as reported by the committee, because, in my judgment, it is in line with the President's original proposal in this field. What we are doing is adopting a bill here which seeks to carry out what the President has said over and over again is one of the "must" measures that he thinks should be adopted in his administration.

Mr. RANDOLPH. I shall not labor the point. The objective of the President is reached in the bill, and it is a measure I support. I do believe we would have provided for a more effective administration of the bill if it were placed under an independent agency, rather than tied into the Secretary of Commerce and the other agencies of government. That is the only reason why I have brought it to the attention of the Senate. I certainly hope my fears are unfounded. The task is so vital, the need is so real, the challenge is so pressing, that I sincerely trust no failures of administration of the act will weaken the purpose which is sought by its proponents.

PREVENTION OF SERVICE OR CONSUMPTION OF HARD LIQUOR ABOARD COMMERCIAL PASSENGER AIRCRAFT

Mr. MILLER. Mr. President, I ask unanimous consent to have printed in the RECORD an article which was published in the Washington Evening Star of March 8, 1961.

The events related in the article give added emphasis to the need for passage of S. 887, introduced on February 9 by Senator THURMOND and cosponsored by Senator HUMPHREY, Senator CARLSON, and myself. The bill is designed to prevent the service or consumption of hard liquor aboard commercial passenger aircraft. In view of the difficulties experienced on this flight mentioned in the article, I respectfully request that the Interstate and Foreign Commerce Committee schedule early action on the proposed measure.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GREENSBORO, N.C., March 8.—A plane made an emergency stop here yesterday so medical attention could be given to a passenger from Washington.

While the plane was on the ground, someone thought the passenger—who later was charged with public drunkenness—said, "There's a bomb under my seat."

Passengers were unloaded and baggage searched, but nothing was found amiss. And the passenger, identified as Charles Edward Turner, 39, of the 800 block of L Street NW., said that what he had told sheriff's deputies was, "There's a bottle under my seat."

CUT WRIST ACCIDENTALLY

The Delta Air Lines DC-6, enroute from Washington to Dallas, was not scheduled to land at the Greensboro-High Point Airport. It did so not because of any bomb scare in flight, but because passengers and a stew-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of March 13, 1961
87th-1st, No. 44

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HIGHLIGHTS: Senate debated depressed areas bill. House committee reported minimum wage bill.

SENATE

1. DEPRESSED AREAS. Continued debate on S. 1, the depressed areas bill. pp. 3549-5, 3551-2, 3557-8
2. FARM LABOR. Agreed to as reported S. Res. 36, to authorize the Labor and Public Welfare Committee to investigate matters pertaining to migratory labor. pp. 3548-9
3. PEACE CORPS. Sen. Muskie commended the President's action establishing a Peace Corps of young persons to assist underdeveloped nations. pp. 3550-1
4. ELECTRIFICATION. Sen. Mansfield inserted a guest editorial and an editorial response in a Columbia Falls, Mont., newspaper presenting pros and cons of "the controversy over whether a private or public hydroelectric power development brings the greatest benefit to a local economy." p. 3544
5. RECREATION. Sen. Miller was appointed to be a member of the Outdoor Recreation Resources Review Commission. p. 3546
6. SURPLUS COMMODITIES. Sen. Gruening inserted a table prepared by the Bureau of Commercial Fisheries, Department of the Interior, showing the calculated

apportionment of Sec. 32 funds to the States as called for in S. 1230, to provide for an increased proportion of Sec. 32 funds to be allocated to the State for the rehabilitation and development of fishery resources. pp. 3542-3

7. EDUCATION. Sen. Humphrey discussed and inserted a summary of S. 1021, the administration's bill for Federal aid to education, including aid to schools in Federally impacted areas. pp. 3553-6

8. WATER RESOURCES. Sen. Carlson inserted a Kans. Engineering Society resolution urging greater development of water resources. p. 3541

HOUSE

9. SUGAR. The Agriculture Committee was granted permission until midnight Mar. 13 to report H. R. 5463, to extend the Sugar Act. p. 3559

10. FEED GRAINS. Conferees were appointed on H. R. 4510, to provide a special program for feed grains for 1961 (p. 3559). Senate conferees have already been appointed.

11. LABOR STANDARDS. The Education and Labor Committee reported with amendment H. R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage gradually to \$1.25 an hour (H. Rept. 75). p. 3593

12. FOOD ADDITIVES. The Rules Committee reported a resolution for consideration of H. R. 3980, to amend the transitional provisions of the act of September 6, 1958, "To protect the public health by amending the Federal Food, Drug, and Cosmetic Act to prohibit the use in food of additives which have not been adequately tested to establish their safety." p. 3593

13. FORESTRY. Rep. Landrum urged "additional money so that the U. S. Forest Service and the Fish and Wildlife Service can move forward expeditiously in establishing wider opportunities to enjoy the pleasures of our national forests," and inserted a newspaper editorial, "For the Best Use of Nation's Forests." p. 3561

14. FOREIGN CURRENCIES. Received the report of the Ways and Means Committee on the expenditure of foreign currencies in connection with foreign travel by members of the committee. p. 3592

15. FOREST RECEIPTS; TAXATION. Received an Idaho Legislature resolution favoring enactment of legislation to provide that 25 percent of forest receipts be distributed to the counties in lieu of taxes for public schools and roads. p. 3594

16. MEAT AND WOOL IMPORTS. Received an Idaho Legislature resolution urging greater restrictions on the importation of meat and meat products, hides, wool, woolens and other related products. p. 3594

17. LEGISLATIVE PROGRAM. Rep. McCormack announced that the food additives bill will be considered today, Tues. p. 3560

ITEMS IN APPENDIX

18. MINERALS. Extension of remarks of Rep. Ichord stating that "southern Missouri is experiencing a mineral exploration and development boon which promises to

sion, 87th Congress, which authorizes this committee to make a comprehensive study of migratory labor. The memorandum has been prepared by Senator HARRISON WILLIAMS, JR., chairman of the Subcommittee on Migratory Labor of this committee.

Senate Resolution 86 has been unanimously approved by the committee and referred to your committee for consideration.

May I express my hope that the Committee on Rules and Administration will be able to take favorable action on Senate Resolution 86 at an early date.

With kindest personal regards and best wishes,

Very sincerely,

LISTER HILL,
Chairman.

U.S. SENATE,
COMMITTEE ON LABOR AND
PUBLIC WELFARE,
SUBCOMMITTEE ON MIGRATORY LABOR,
February 27, 1961.

Memorandum to: Hon. MIKE MANSFIELD,
chairman, Committee on Rules and Administration.

From: Senator HARRISON A. WILLIAMS, JR.,
chairman, Subcommittee on Migratory Labor.

Re: Senate Resolution 86, authorizing a comprehensive study of migratory labor.

During the 1st session of the 86th Congress, the Senate in approving Senate Resolution 267 on March 24, 1960, authorized the Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, "to examine, investigate, and make a complete study of any and all matters pertaining to migratory labor." The resolution also authorized the committee to expend a sum not in excess of \$50,000 for this purpose. The committee in turn authorized the Subcommittee on Migratory Labor to carry on the investigation called for by Senate Resolution 267.

The Subcommittee on Migratory Labor had been in existence prior to the adoption of the resolution. It had been created by the full committee on August 5, 1959, under my chairmanship, and had as its majority members, Senators RANDOLPH and MURRAY, and its minority members, Senators GOLDWATER and JAVITS.

As reported by memorandum last year to the Committee on Rules and Administration, the subcommittee held several hearings in the autumn of 1959, both in Washington and in the field, for the dual purpose of obtaining the views of interested parties on bills that had been referred to the subcommittee relating to agricultural minimum wages, child labor, and crew leader registration, and also to obtain firsthand information about conditions of migratory life and work.

After the subcommittee began operating under authority of Senate Resolution 267, additional hearings and field trips were conducted in various parts of the country. In toto, the subcommittee examined conditions and obtained testimony in eight States and the District of Columbia, ranging from New York to Florida and from the upper Middle West to California.

The hearings have been printed in two parts, and, in addition, a subcommittee print entitled, "The Migrant Farm Worker in America," which is a basic background document, has enjoyed wide distribution and stimulated great interest. An interim report describing in detail the activities of the subcommittee under Senate Resolution 267 is in preparation and will be duly submitted to the Senate.

In accordance with the provisions of Senate Resolution 267, which specified certain areas of study to be examined, the subcommittee has investigated the wages of migratory workers, their working conditions, transportation facilities, housing, health, and educational opportunities for migrants

and their children. It has also begun a comprehensive analysis of the nature of and relationship between the programs of the Federal Government and the programs of State and local governments and the activities of private organizations dealing with the problems of migratory workers. Finally, the subcommittee has made certain determinations with respect to the degree of additional Federal action necessary in this area.

The subcommittee in 1960 recommended a number of legislative proposals which are now ready to be processed into law. These proposals included S. 2865, to provide modest grants to States for instruction of migrant adults in basic techniques of modern healthful living; S. 2864, to provide certain payments to assist in improving educational opportunities for migrant children; and S. 2928, to provide financial assistance for housing for migrants. The first two bills were favorably reported to the full Committee on Labor and Public Welfare during the last session, but time factors curtailed further action.

In addition, the subcommittee's work has helped make clear the Federal role with respect to such matters as crew leader abuses, child labor, and minimum wages. Legislative proposals dealing with these aspects of the problem are in preparation at the present time.

In the course of its investigation, the subcommittee has also looked into the patchwork of State laws affecting migrant labor. These laws, despite conscientious serious enforcement efforts behind them, have made little, if any significant impact on the lives of our migratory workers. It has become clear, therefore, that most of the critical problems facing migrant workers

are predominantly interstate in character and beyond the reach of State action. The subcommittee is convinced that it must continue studies in depth concerning the interstate characteristics of those problems not yet sufficiently delineated to permit definition of what role, if any, is appropriate to the Federal Government.

Subcommittee savings in the form of unexpended budget funds in the amount of approximately \$25,000 will be returned to the contingent fund of the Senate. Such savings were possible because the services of Mr. Frederick R. Blackwell, counsel to the subcommittee, were retained without charge to the subcommittee. In addition, the services of Mr. Robert Locke, subcommittee research assistant, were retained without charge to the subcommittee for a period of 3 months.

The diversified activities of the subcommittee which will be required during the coming session, as well as the greater need for the use of expert consultants and technical advice and assistance, will require a budget equal to that authorized last year. It is of interest to note, however, that despite contemplated diversification and increased scope of the general workload, the number of staff personnel requested in the pending resolution will be no greater than that approved by the Senate last year. In accordance with procedures established by the Senate Committee on Rules and Administration, the proposed resolution makes provision for the appointment of a minority staff member.

The subcommittee requests the approval of the pending resolution by your committee, and submits the attached budget.

HARRISON A. WILLIAMS, JR.

Budget

Position	Number	Base salary (per annum)	Gross salary (per annum)	Monthly salary (gross)	Total for period of budget (gross)
STAFF					
Legal and investigative:					
Research director	1	\$4,380	\$9,576.07		\$9,576.07
Research assistant	2	8,640	17,227.67		17,227.67
Administrative and clerical: Clerk-stenographers	2	5,160	11,104.24		11,104.24
Total	5				37,907.98
ADMINISTRATION					
Consultants' fees and expenses					1,000.00
Contribution to civil service retirement fund (6½ percent of total salaries paid)					2,464.02
Contribution to employees Federal employees group life insurance (27 cents per month per \$1,000 coverage)					113.40
Travel (inclusive of field investigations)					3,500.00
Reimbursable payments to agencies					500.00
Hearings (inclusive of reporters' fees)					1,500.00
Witness fees, expenses					500.00
Stationery, office supplies					500.00
Communications (telephone, telegraph)					1,000.00
Newspapers, magazines, documents					200.00
Contingent fund					814.60
Total					12,092.02
Grand total					50,000.00

Funds requested, S. Res. 86, \$50,000.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution as amended.

The resolution, as amended, was agreed to.

AREA REDEVELOPMENT ACT

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Senate

resume the consideration of Calendar No. 63 (S. 1).

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. Calendar No. 63 (S. 1), a bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill (S. 1), to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, which, without objection, will be considered for the purpose of amendment as original text and not as an amendment in the first degree.

PEACE CORPS

Mr. MUSKIE. Madam President, in no other area has the imagination and the brilliance of the Kennedy administration shone more brightly than in the establishment of the Peace Corps. In his actions setting up this program to carry the American dream beyond our shores, the President has drawn on the best in our traditions as exemplified in our Declaration of Independence, our Constitution, the Emancipation Proclamation, the New Freedom, the Four Freedoms, point 4, and the Marshall plan. The response given this program demonstrates very clearly that our people are ready and willing to respond to a challenge for higher service in fulfilling the promise of freedom for all peoples.

With the enthusiasm which has greeted the Peace Corps, the administration and the corps' Director, Sargent Shriver, will receive more than their quota of ideas and recommendations as well as personnel. I hesitate to add to the magnitude of their task. At the same time, the problem of international education has been a matter of concern to me, for some time. This area of activity has been assigned top priority in the Peace Corps. In considering the long-range implications of the program, I wish to put forward some suggestions which may be helpful to the administration and to my colleagues in Congress.

I am confident that the Peace Corps will move beyond its present status under Executive order and be given specific authorization under an act of Congress. Although the outlines of the program have not been filled in, it is not too early to look ahead to more permanent emphases and well-defined, specific goals.

As I have said, the President has given top priority to education in the overall objectives of the Peace Corps. He, and members of the staff of the corps, have mentioned specifically language education, vocational and technical training, programs similar to our Agricultural Extension Service training projects for home and farm, and the construction of rural schools. I am sure that in his planning, Mr. Shriver has in mind a clearly defined set of goals and objectives. I do not anticipate that under this administration we will see any proliferation of unrelated projects.

In an effort to bolster this approach, and to expand it beyond the brief list of projects I have mentioned, I wrote to Mr. Shriver, last week, suggesting another area of education in which the corps might work. It was my intention

to point out the benefits which could be gained by stressing teacher training, with appropriate tools drawn from our experience in the use of modern teaching devices, including audiovisual aids, so-called teaching machines, and other teachers' aids.

By utilizing a program of teacher training, we would have a means of multiplying our efforts through the resources and manpower in the countries in which the program is operating. We would contribute to the long-range development of free nations, especially in those newly emerging countries, by helping to create the professional class which is so essential to a modern society. These highly trained personnel would be able to run industry, to run their government, to train their young people, and above all, to provide leadership.

It is this multiplication factor which intrigues me most. We may train individuals for specific tasks to benefit themselves, but unless we set the stage for expanded training opportunities under local leaders we will condemn these countries to be dependent on us much longer than we or they wish. No greater evidence of our interest in their welfare, as opposed to our own short-term political benefits, could be given than our determination to give them the means to lead themselves.

I ask unanimous consent to have printed at this point in the RECORD my letter to Mr. Shriver.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 11, 1961.

HON. SARGENT SHRIVER,
Director, Peace Corps of the United States,
Washington, D.C.

DEAR SARGENT. It is evident that the President's Peace Corps is an exciting new idea which has captured the imagination of Americans in all sections of the country.

I am sure you are swamped by the applications of those eager to contribute their services as members of the Corps. I suspect, also, that you do not lack suggestions for useful tasks to which the Corps might apply itself. I cannot resist the urge to add my own.

Since World War II, in our efforts to be of assistance to underdeveloped areas of the world, we have offered economic, military and technical aid. The objective has been to help create conditions under which free institutions could germinate and flourish.

The achievement of this objective has been complicated and made difficult in areas which have never known individual liberty, where the exercise of individual initiative and enterprise are unknown experiences among the masses of the people, where the average citizen is not equipped by education and training to comprehend his own potential and talents, let alone to develop and to apply them. As someone has perceptively stated it: "It is hard to sell democracy to hungry people who cannot read and write."

If these observations have any validity, it seems to me they pinpoint the overriding importance of education to these countries, to their growth and development, to their orientation toward freedom, and to peace in the world.

What are they doing in this connection? What have we done to help them? I am afraid the answers to these questions, in the light of the importance of the objective and

the enormity of the task to be performed, must be discouragingly little.

In view of this, the President's statement that the initial emphasis of the Peace Corps would be on education is most encouraging. Certainly this is the greatest single contribution, outside of the fact of the corps itself, which these citizens will be able to make. The list of teaching activities given by the President and members of your staff—including language training, technical and practical training for vocations and improved living conditions, and rural school construction—represents an excellent framework for direct action in education in underdeveloped areas.

I would like to expand upon this program, however, and suggest several areas which could multiply the impact of our program far beyond the individual teaching experiences we are planning.

What must be done? These underdeveloped nations need their own educational systems. They need their own teachers, their own teacher-training facilities. They need their own programs, geared to their own needs, their own people, their own developing cultures, and they must make the major effort themselves. But, to attain these objectives, they must close a gap represented by centuries of accumulated knowledge and educational programs as we have known them. They need guidance.

We can help them to close that gap. We can help them to teach teachers, to organize programs. In helping them we can put to effective use tools whose potential we have not fully explored in our own education programs; e.g. education films, film strips, the so-called teaching machine, and other educational aids. These can accelerate the progress they so badly need.

The modern aids to education which I have mentioned are ideally suited to rapid training in basic skills. They reduce the problems of language barriers, and they take advantage of our knowledge of better methods of communication. By emphasizing the training of teachers we would be multiplying our effectiveness in those areas where the Peace Corps is in operation. We would be making a major contribution to the development of a pool of skilled teachers and community leaders.

Certainly the unhappy experience in the Congo should teach us the unfortunate effects of a failure to train and develop teachers and administrators in a newly emerging nation which must leap from a relatively simple culture into the complex culture of modern technological society. The people of these countries should enjoy some of the benefits of this society, not simply suffer from its burdens.

This need not involve the expenditure of huge sums of money by us. The core of the idea is not the construction of a large physical plant in each country involved, but rather to help develop the ability to teach and the opportunity to learn. A teacher and a pupil on either end of a log can be an adequate schoolroom; but such a system will not bridge the gap between one culture and another as rapidly as it must be done. Let us help provide the essentials necessary to begin. If we help the underdeveloped countries make a good beginning, they will do the rest. In the name of economic aid we have done things infinitely more expensive and infinitely less constructive.

It seems to me the Peace Corps is an ideal vehicle to provide the manpower to implement such an effort. What could be more appropriate than to send free citizens of our great democracy to carry knowledge and the means to acquire it, not as propaganda, but as an enlightening, invigorating force into the far reaches of the underdeveloped world through establishing the base and developing the leaders in these countries to spread this knowledge quickly and effec-

tively. Such a gift, and the giver, would never be forgotten by those who receive it.
Sincerely yours,

EDMUND S. MUSKIE,
U.S. Senator.

Mr. MUSKIE. I have recommended the approach of teacher training to the administration to indicate my conviction that this offers great possibilities to give permanent impact and value to our efforts. I bring this to the attention of my colleagues, today, so that we can be prepared to act on legislation when it is sent to us by the President. Any long-range program, in my opinion, should include this approach, with the necessary appropriations to carry it into effect.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Madam President, for the information of the Senate, following the disposal of the depressed area bill, on which a unanimous-consent agreement has been entered into, it is the intention to take up, although not necessarily in the order given, the OECD Treaty, the Columbia Basin Treaty, if it is reported by the Foreign Relations Committee tomorrow, and the temporary unemployment compensation measures, both as they affect those under social security and those who operate under the Railway Labor Act.

Mr. DIRKSEN. Madam President, may I ask the majority leader whether it is his hope to complete consideration of all those measures this week?

Mr. MANSFIELD. We live in hope.

CORRECTION OF THE DAILY DIGEST OF THE RECORD

Mr. MILLER. Madam President, I ask that a correction be made in the permanent RECORD of Friday, March 10, 1961. The Daily Digest, in reporting the action taken on H.R. 4510, the emergency feed grain bill for 1961, has an error on page D147 when describing the purpose of my amendment to this bill. As printed Friday, it now reads:

Miller amendment to make grain and sorghum producers eligible for price support so long as they reduce total acreage of feed grains by 70 percent.

It should be corrected to read:

So long as they reduce total acreage of feed grains by 30 percent.

The PRESIDING OFFICER. The correction will be made.

NARCOTICS ADDICTION—A NEW APPROACH IS NEEDED

Mr. KEATING. Madam President, one of the most troublesome and controversial areas in Federal law enforcement today is the field of narcotic drug control. I am especially concerned with this problem, since New York, and particularly New York City, is reported to have the largest concentration of drug addicts, and the most smuggling and illicit traffic, of any jurisdiction in the country. The basic disagreement among those who are trying to solve this problem arises over the status of the addicts themselves and whether we should deal

with them by treatment as opposed to punishment.

There are clearly two sides to this question, because people involved in this vicious traffic do not fall neatly into clear categories. At one end of the scale there is the nonaddicted peddler who is making fantastic profits from his cruel and predatory exploitation of the traffic. No one in this country has ever been heard to suggest anything but the most severe punishment for him. The Federal law makes it possible to impose very long sentences for peddling, and even the death penalty if the offense involves the corruption of a minor, and I would be the last to suggest any change in this.

On the other hand, at the other end of the scale there is the addict, hopelessly caught up in his enslavement of the drug, who is plainly the victim of this traffic, and who is at the mercy of the peddler because he has absolutely nowhere else to turn for help or relief. Many people have questioned whether this addicted person should also be inescapably caught up in the same pattern and subjected to the harsh mandatory prison sentences which the law now provides.

The real difficulty is that most addicts sooner or later wind up as real law-breakers because they are driven to steal, to engage in prostitution, to commit other petty crimes or, worst of all, to peddle dope themselves, in order to get money to pay the peddler's price and to meet their own need for drugs.

Our State, with California and a few others, has been in the forefront with experimental provisions for the treatment and rehabilitation of drug addicts. But the efforts and resources we have been able to muster in this effort are only a drop in the bucket. And I must say candidly that no one is yet sure about the success, on any large scale, of rehabilitation and so-called cures.

Our finest experience has been with two splendid Federal hospitals, at Lexington, Ky., and Fort Worth, Tex., where Federal prisoners are presently sent, though their statistics on long-range followups are still inconclusive.

My distinguished colleague [Mr. JAVITS] and I now have in preparation a bill for a new compromise approach for the Federal Government in this field. The bill would make no change in the present penalty structure of the Federal narcotic drug laws, but it would give the courts, when they pass sentence on drug offenders, the option of deciding that the particular offender and the particular offense are motivated by drug addiction, and that the offender would benefit from being exposed to treatment and rehabilitation efforts instead of being merely sentenced to prison. When the judge makes this determination he would be able to turn the prisoner over to the custody of the Surgeon General for a period of not more than 3 years. If the prisoner cooperated and responded to treatment the criminal charges against him would be dismissed and he would assume, in effect, the status of a patient, though the bill also provides, as a safeguard, that anyone who proved to be intransigent and unfit for treatment could be turned back to the

prosecutor and made to answer for the crimes charged against him.

The bill closely parallels proposals now being actively advanced in New York for revision of the State laws on this subject. District Attorney Frank Hogan has been the moving force behind this effort to improve the machinery of justice for the treatment of addicts. The American Bar Association and the American Medical Association, through the work of a joint committee on narcotic drugs have expressed their concern about this problem of the status of the drug addict, and currently the American Bar Association, through the American Bar Foundation, is going forward with additional studies on the legal aspects of the problem. Other responsible groups are also working to find a better solution, and carrying on studies and experiments to throw more light in this area. I hope very much that this subject will be given careful study by Congress, because it is an extremely urgent one, particularly to those of us who represent States with large metropolitan centers.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. KEATING. Madam President, I want to take a few minutes today to discuss some of the matters of greatest concern to me in S. 1, the bill presently before the Senate.

Let me say first of all that I agree that the Congress must take every possible step to increase employment, to relieve the suffering of the unemployed and their families, and to deal with the problems of serious pockets of joblessness throughout our Nation. What concerns me is that, before we pass an area redevelopment bill, we give very serious and very diligent study to several aspects of the bill which I think are of special significance.

I was interested to note the statement yesterday by the Secretary of Commerce, Secretary Hodges. He said he felt that we had reached the bottom, and that we were on the way up. I believe this is the way he put it. This, of course, has come about without any major economic legislation being enacted by the Congress.

It has been brought about almost entirely by the natural force of events in our economy. This very clearly illustrates the way in which our economy has often functioned in the past, and I believe, will continue to function, unless we seriously alter the basic structure of our free, competitive enterprise system.

Madam President, I support the basic premise and the overall objectives of S. 1; but, I want to express myself on several aspects of this legislation which I feel warrant special consideration. Let me list them. Above all, we must not permit this legislation to simply result in the shuffling of industries from one area to another. If it becomes a program to encourage industrial "pirating" then it is no good. What we should be

concerned about is creating new jobs. I am grateful to my colleague Senator BUSH for the excellent work which he has done in the Banking and Currency Committee to make this proposition absolutely clear.

Another thing, Madam President, it would be a mistake to create a big new bureaucratic halfbreed to administer this program. It fits logically in the Commerce Department and I agree with those who would put it there. I intend to support the amendment to accomplish this purpose.

Thirdly, I have serious qualms about letting this money be used for machines and equipment. This would seem to permit an unfair competitive advantage to manufacturers benefiting from this program.

I am also concerned about the dangers and pitfalls involved in having this program another backdoor spending scheme. The Congress is supposed to keep an eye on our Federal purse strings. Why must the Federal area redevelopment program be an exception?

I have some qualms, too, about certain features of the rural redevelopment assistance sections of S. 1. I think it is all well and good to build up industries in what are fundamentally rural areas. But, it is not wise or sound to encourage industrial development in areas in which such development would probably not work, because of a lack of adequate transportation facilities or for many other reasons.

There are in New York State several areas in which unemployment is presently very serious. Of the 103 areas which would presently qualify under S. 1, 6 of them are in New York State.

The following New York State communities would presently qualify: Amsterdam, Auburn, Gloversville, Jamestown-Dunkirk, Ogdensburg-Massena-Malone, and Plattsburgh.

In addition, Madam President, present conditions in Utica-Rome and Buffalo have reached the danger mark. Unemployment in these areas has been well above the required minimum for over 2 years. The most recent figures show unemployment in Buffalo, as of January 1961, was 11 percent. In January 1960, it was 7.8 percent. Annual unemployment for 1960 in Buffalo was 8.1 percent, and for Utica-Rome 8.2 percent.

Overall unemployment in New York State is 7.3 percent, the highest rate since the recession of 1949. In mid-January 557,231 New Yorkers were out of work.

With special references to Utica-Rome and Buffalo, it is my impression that these areas could, if present trends continue, be made eligible by the Administrator before January 1962. The discretionary authority of the Administrator is clearly described on page 15 of the report, as follows:

The Administrator may also, at his discretion, designate other areas as eligible for assistance where substantial and persistent unemployment has existed and which have unemployment conditions generally comparable to those of the areas of mandatory designation.

For example, this is intended to give the Administrator the necessary discretion to

designate as a redevelopment area and an area which has suffered from a sudden, severe or catastrophic loss of employment opportunity and which might not otherwise become eligible for assistance until at least a year had passed.

I would not want to give the impression that I am solely and exclusively concerned about my State. I realize very well that the most serious "pockets" of joblessness are in other areas. While I am not at all happy about this situation, I am glad that overall conditions in New York are relatively good at the present time.

We all, of course, have a responsibility to deal with problems which affect Americans everywhere. S. 1 is a limited answer to our present unemployment difficulties. It will not create enough jobs and help enough people, but at least it will be a start in helping distressed communities help themselves.

Fundamentally, the "self-help method" is the only thoroughly effective way out of the present economic doldrums of the area about which we are concerned today. Concerted efforts on behalf of civic leaders and public officials at the local level constitute the best and most direct approach to these problems. S. 1 will help these officials, but it will not do the job unless they want to have it done and are willing to work to do it. I am under no illusions. While this bill will be beneficial, the answer is not in our hands.

Present economic conditions may be serious, but they have been a lot worse. What we do this week on S. 1 must be done in a positive and constructive spirit.

We must avoid, wherever we can, ranting and raving and bemoaning the fate of our economy. Our Nation's economy is by far the strongest in the world. It has more potential, more inherent strength, a better long-term record, a better industrial system than the economy of any other nation in the world. We must build upon this record. We must recognize rigidities and problems in our system, but we must not be misled as a result of unwarranted and unnecessary fears about these conditions. The truth of this statement was borne out very effectively by the recent remarks of the distinguished Secretary of Commerce, which I referred to above.

PERSONAL STATEMENT BY SENATOR MORSE

Mr. MORSE. Madam President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Morse Meanderings," written by George Dixon, a nationally syndicated author, and published in the Washington Post of this morning, March 13, 1961. The article contained references to the senior Senator from Oregon.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MORSE MEANDERINGS
(By George Dixon)

Secretary of Health, Education, and Welfare Abraham A. Ribicoff was ready and eager to testify on aid to education, but

Chairman WAYNE MORSE kept the busy Cabinet official waiting while he indulged in a meandering monolog about the hearing not being a theatrical performance.

No one had suggested it was, but Senator MORSE went into a long rigamarole about some unidentified group wanting to appear before the subcommittee in historical costume. Mr. MORSE said in several thousand words he wouldn't stand for it, then announced he was too busy to preside any longer and offered the chair to Senator JENNINGS RANDOLPH, of West Virginia.

Senator RANDOLPH declined the honor, but MORSE succeeded in impressing Senator JOSEPH S. CLARK, of Pennsylvania, into the satrap's seat, whereupon MORSE left witness Ribicoff still twirling his spectacles, and started from the chamber.

When he passed the press table we asked him to identify the historical group that desired to turn the hearing into a period pageant.

"I won't say another word about it," snapped MORSE, who already had said many thousand too many. Then he strode from the room.

I hadn't really cared two hoots about who wanted to testify in costume, but this out of character clamup by the chairman intrigued me. I grabbed a house phone and called his office.

The girl who answered reported unhesitatingly that a man named Edward Hart, representing himself as leader of a Protestant group, had made the request.

MORSE's girl said Hart wanted to appear as Thomas Jefferson and bring another guy made up as James Madison. They desired to stage a living portrayal of Jefferson and Madison turning over in their graves at the thought of aid to parochial schools.

I could appreciate Senator MORSE's rejection of the skit because the hearing chamber, while commodious, has no facilities for historical characters turning over in their graves. But I couldn't fathom why MORSE was so anxious to protect the identity of the would-be whirlers, especially as his girl told me that Hart had threatened, if turned down, to pay his own way out to Oregon and launch an anti-MORSE crusade.

But this was by no means Senator MORSE's only baffling performance of the day. Before deserting the hearing he voiced regret that Senator RANDOLPH could not participate in the interrogation of Secretary Ribicoff because the West Virginian was in Atlantic City at the American Road Builders Congress.

I stared up at the dias where Senator MORSE was presiding, and two seats away from him was an astonished-looking gentleman, the spitting image of Senator RANDOLPH. The eminent legislator's astral body may have been with the Road Builders in Atlantic City, but his corporeal one (which is ample enough to be discernible) definitely was with the aid-to-educationists in Washington.

The Morsemen also heard Senator NORRIS COTTON, of New Hampshire, urge that 25 percent of the Federal tax on cigarettes be turned over to the States for education.

Senator COTTON said he would be glad to sacrifice some of his cigarette money to learning. It was all I could do to keep from bellowing out that an unofficial survey I conducted recently showed that only a minority of the Senate could be called upon to share the sacrifice.

More than 60 percent of the Senators do not smoke cigarettes. Let me rattle off a batch of nonsmokers at random—RANDOLPH, SYMINGTON, JACKSON, ELLENDER, YARBROUGH, CLARK, HILL, SPARKMAN, GOLDWATER, JAVITS, CHURCH, MCGEE, MCCARTHY, HUMPHREY, GRUENING, STENNIS, KERR, DOUGLAS, MORSE himself, and the two lady Senators, SMITH and NEUBERGER.

The Senate's a submarginal field for cigarette taxing.

ing the service. This seems to me to be highly uneconomical for the railroads and may be adding something to their difficulties. There seems to me to be something wrong if the low-cost carrier is not allowed to assert his inherent advantage. Commonsense would suggest that in a situation where two-thirds of the rail traffic is being carried at less than cost, the ICC, or perhaps the Congress, ought to develop some rule of rate-making which will preserve the lower cost, more efficient, small operator.

This has successfully been accomplished under the antitrust laws for industry generally. Competition should certainly be encouraged, but where a rate is lowered to meet competition, and this produces discrimination, as selective rate cutting always must, then a rate lower than necessary to meet the competition, or so low that it eliminates competition, should be clearly unlawful.

Another important area which vitally affects the cost of goods to the consumer is the proper coordination of all transportation services.

Congress insisted no less than six times in the Interstate Commerce Act that reasonable joint rates and through routes be set up between water carriers and railroads. Exhaustive reports to the Senate, both by the Merchant Marine Subcommittee last August, and by General Doyle's study group, have brought out into the open the widespread evasion of this congressional intent.

Despite years of effort on the part of the water carriers, the clear intent of Congress has been ignored; and what is even more shocking, the Interstate Commerce Commission appears to have condoned this evasion.

Such flouting of congressional intent, stated so explicitly so many times, calls for thorough investigation and action. The clear result of years of evasion is that the benefits of river navigation are being unnaturally restricted to river valleys.

With proper cooperation, low-cost river navigation could be joined to low-cost rail transportation to bring lower prices to communities hundreds of miles from the rivers. I am told, and it seems logical to me, that connecting railroads would greatly benefit from barge-rail coordination, but fear to cooperate because of the retaliation of other railroads.

The Congress should be able to find ways to solve this problem.

Common carriers are the backbone of our free enterprise transportation industry. We are beginning to be alarmed by the decline of the common carriers, in every line. Certainly, if the common carriers disappear, those hurt will be the hundreds of thousands of small businesses who cannot afford to own their own transport services.

No greater stimulus could be given to the development of monopoly than to destroy an equitable public system of distribution. Hence, it is only commonsense to bring under regulation those elements of transportation which are unfairly threatening the health of the common carrier.

This should not be too difficult a problem. Where necessary in the public interest, we have regulated industries before. If we are careful to respect the rights of those already operating by a proper grant of grandfather authority, there should not be too great a difficulty.

No discussion of the river carriers is complete without a reference to tolls. This is a hard-fought issue. The Democratic Party is on record against tolls on the river. I endorse that position.

One problem of the river carriers is precisely the fact that they do not run a passenger service. We know a lot about the airlines because we frequently ride them. We know about the railroads because we ride on them; and from our private autos we see the work of the fleets of trucks on our highways. But we do not see a river towboat unless we seek one out.

There are few more modern industries in our country. In my home city of St. Louis are two major barge lines operating the most modern towboats. The latest in radar keeps them operating on the narrow river channels in fog, rain, or snow. Automatic pilots, electronic depth indicators and gyroscopic swing indicators are most interesting to see.

Did you know, for instance, that a complete revolution in Rhine River transportation methods is now taking place as a result of the work that has been done on our rivers? The Rhine bargemen are switching to push towing.

This industry is a heartening example of free enterprise at its best—modern, progressive, dedicated to the public interest. It is an instrument of the enormous programs of water resource development which are before us today.

It is an industry that is small—even the large companies have gross revenues of under \$20 million a year.

As our Nation grows and companies properly become larger to accommodate that growth, we can easily lose sight of the need to keep these small, efficient companies with us. They must not be destroyed.

Just as many facets of our transportation system must be strengthened and preserved, so we of the Congress must be ever alert to any danger to the preservation of our small business enterprises.

This particular small business plays a very important role in keeping down the cost of living for our people. It is because of this fact that I now bring the problem to the attention of my distinguished colleagues.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. ENGLE. Madam President, it is 6 years since the Senator from Illinois [Mr. DOUGLAS] first proposed legislation to help the economically distressed areas of this country.

In these 6 years the problem has become greatly aggravated. Six years ago we had a few dozen distressed areas.

Today we have more than 100 chronically distressed areas. Unemployment in these areas averages about one-eighth of the labor force, and in some communities it has reached the alarming proportion of 20 percent. Nor has the passage of time cured the problems of the many low-income areas. We have in the United States hundreds of communities where the average family income is below \$1,500 a year, or about one-fourth of the national average.

Without some Federal help there is little hope that the economic conditions in these communities will improve.

Senator DOUGLAS' area redevelopment proposal has a practical answer to the problem. S. 1, which I have cosponsored, contains a program that is based on the sound and tried proposition of stimulating cooperative efforts on the part of all levels of Government with private enterprise. It embodies a program that will induce productivity and inject new vitality into areas of chronic joblessness. It holds out the prospect of work, of new jobs, of increased production, of expanding business, of fuller utilization of our human resources. Above all, it aims at implementing this program primarily through self-help measures.

Senator DOUGLAS is an eminent economist, and he has never claimed that his proposal will provide a cure for our grave unemployment problem, currently the worst since 1941. The objective of S. 1 is to provide a stimulus for communities to appraise their economic potential, both physical and human, and to supply the necessary seed capital to channel new enterprises into chronic labor surplus areas.

S. 1 is not regional legislation. It is an attack upon a national problem. At present, my own State of California may not benefit directly by this legislation, but I believe that a program attacking chronic unemployment and underemployment prevailing in many States will also help California. The experts have estimated that communities in at least 27 States need the help offered by S. 1. Distressed people in distressed areas are poor customers for the products of California. We cannot afford to be economic isolationists because we cannot have a sound and healthy national economic growth when we have hundreds of communities in the United States that are in a chronic economic plight.

Whatever the specific cause of chronic local distress may be, the problem cannot be solved by a local effort alone. Once a job is lost in a persistent labor surplus area, it is not easy to find another one. And the solution does not lie in telling thousands of people to pick up and move away. Persistent unemployment and underemployment in many communities of this country must be tackled by the Federal Government—not only because of the untold human suffering in the affected areas but also because these conditions threaten the welfare and security of the whole Nation.

I have checked the history of this legislation. During the past 5 years hearings on the subject in three different Congresses have filled some 4,000 closely

printed pages. The Senate passed the measure three different times. The problem has been studied, analyzed and scrutinized far more carefully than any other during my 17 years in Congress. The Federal Government's responsibility for our distressed areas has been fully established.

Certainly the affected people in the depressed communities of the United States are finding it hard to understand the double-standard we have employed in accepting our responsibility to help the distressed areas abroad while turning a deaf ear to the distressed areas in our own backyard. A point 4 program is as necessary and constructive for the underdeveloped and distressed areas in our country as it is for the economically needy areas in foreign lands.

The whole country has a stake in restoring our chronically distressed areas to a state of health and vigor. I urge the 87th Congress to move quickly in sending S. 1 to the President for signature.

ADJOURNMENT

Mr. ENGLE: Madam President, I move that the Senate adjourn.

The motion was agreed to; and (at 1 o'clock and 46 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, March 14, 1961, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 13, 1961:

DEPARTMENT OF THE TREASURY

Robert Huntington Knight, of Connecticut, to be General Counsel for the Department of the Treasury.

The following-named persons to the positions indicated:

DEPARTMENT OF THE INTERIOR

Frank P. Briggs, of Missouri, to be Assistant Secretary for Fish and Wildlife, Department of the Interior.

DEPARTMENT OF THE TREASURY

Stanley S. Sorrey, of Massachusetts, to be an Assistant Secretary of the Treasury.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Sterling M. McNair, of Utah, to be Commissioner of Education.

INTERSTATE COMMERCE COMMISSION

John W. Bush, of Ohio, to be an Interstate Commerce Commissioner for the remainder of the term expiring December 31, 1964.

EXPORT-IMPORT BANK

Tom Killefer, of California, to be First Vice President of the Export-Import Bank of Washington.

James Smith Bush, of Missouri, to be a member of the Board Directors of the Export-Import Bank of Washington.

ATOMIC ENERGY COMMISSION

Leland J. Haworth, of New York, to be a member of the Atomic Energy Commission for the remainder of the term expiring June 30, 1961.

Leland J. Haworth, of New York, to be a member of the Atomic Energy Commission for a term of 5 years expiring June 30, 1966.

PEACE CORPS

Robert Sargent Shriver, Jr., of Illinois, to be Director of the Peace Corps.

IN THE AIR FORCE

I nominate Lt. Gen. Donald N. Yates, 584A, (major general, Regular Air Force), U.S. Air Force, to be placed on the retired list in the grade of lieutenant general, under the provisions of section 8962, title 10 of the United States Code.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued March 15, 1961

For actions of March 14, 1961

87th-1st, No. 45

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HIGHLIGHTS: House committee reported sugar bill. Senate debated depressed areas bill. Senate received nomination of Ralph to be Assistant Secretary.

SENATE

1. DEPRESSED AREAS. Continued debate on S. 1, the depressed areas bill. pp. 3626-65

Agreed to amendments by Sen. Fulbright to vest the powers and functions created by the bill in the Secretary of Commerce rather than creating a new independent agency with an administrator reporting to the Secretary of Commerce. pp. 3627-9

Agreed to an amendment by Sen. Bush to provide that all authority for the program authorized by this bill shall terminate at the close of June 30, 1965. pp. 3653-7

Rejected, by a vote of 49 to 45, an amendment by Sen. Robertson to provide that the programs authorized by the bill shall be financed by direct appropriations rather than by revolving funds. pp. 3632-44

2. NOMINATION. Received the nomination of James T. Ralph to be an Assistant Secretary of Agriculture. p. 3666

3. FOREIGN AID. Both Houses received the President's message on aid for Latin American countries (H. Doc. 105). pp. 3597, 3668-70

4. TRADE PRACTICES. Both Houses received the annual report of the Federal Trade Commission. pp. 3598, 3693
5. MEAT AND WOOL IMPORTS. Received an Idaho Legislature resolution favoring greater restrictions on the importation of meat and meat products, hides, wool, woolens, and related products. p. 3598
6. FORESTRY. Received an Idaho Legislature resolution favoring enactment of legislation to provide that 25 percent of forest receipts be distributed to the counties in lieu of taxes for public schools and roads. p. 3598
Received a Calif. Legislature resolution urging the President and Congress "to fully and promptly redeem the responsibility of the United States for the protection and management of the national forests in California as provided for in the program for the national forests which was presented to the 86th Congress." p. 3603
7. SUGAR. Received a Wash. Legislature resolution favoring extension of the Sugar Act and an increase in the quota for the production of sugar beets. p. 3601
8. FARM LABOR. Received a Calif. Legislature resolution favoring enactment of a national minimum wage law for agricultural workers. p. 3603
The Labor and Public Welfare Committee was granted an extension of time from Feb. 21, 1961, to April 7, 1961, for filing its report on the study of matters relating to migratory labor. p. 3613
9. WATERSHEDS. Sen. Carlson inserted a resolution of the board of directors of the Wakarusa (Kan.) watershed area urging that their organization cooperate with every other agency of the Government in trying to work out a joint program of solving their land and water programs. pp. 3605-6
10. PRICE SUPPORTS. Sen. Dirksen inserted a letter from an Ill. farm owner opposing high support prices for farm commodities. p. 3617
11. FOREIGN CURRENCIES. Received reports from the Interior and Insular Affairs, Foreign Relations, and Aeronautical and Space Sciences Committees on the expenditure of foreign currencies in connection with foreign travel by members and employees of the committees. pp. 3621-4

HOUSE

12. SUGAR. The Agriculture Committee reported with amendment H. R. 5463, to amend and extend the Sugar Act of 1948 (H. Rept. 79). p. 3698
13. FOOD ADDITIVES. Passed as reported H. R. 3980, to continue until June 30, 1964, the authority of the Secretary of Health, Education, and Welfare, which expired on March 5, 1961, to permit the continued use of certain food additives and pesticide chemicals which have been in commercial use since Jan. 1, 1958, until the necessary investigations and scientific studies now in progress by industry and the Food and Drug Administration can be completed and regulations adopted to provide final assurance of the safe use of these additives and chemicals. pp. 3680-5
14. FEED GRAINS. The "Daily Digest" states that the conferees met to resolve the differences between the Senate- and House-passed versions of H. R. 4510, the feed grains bill, but did not reach agreement and recessed subject to call. p. D162

EIGHTY-EIGHT-MILE, TEXAS-SIZE NATIONAL SEASHORE RECREATION AREA ON PADRE ISLAND FAVORED BY MOST TEXANS

MR. YARBOROUGH. Mr. President, the hundreds of thousands of Texans and other Americans who are supporting my proposal, S. 4, to establish a national seashore recreation area on Padre Island were highly encouraged by President Kennedy's recent endorsement of the project.

In his message to the Congress on natural resources, President Kennedy urged the Congress to establish three new national seashore recreation areas, one of which would be located on Padre Island.

Although field investigators for the National Parks Service have recommended an 88-mile-long seashore recreation area, as provided in S. 4, certain major property owners and a few others favor a much smaller area for public use and a larger area for private exploitation for the fortunate few of considerable wealth.

Congressional action this session to preserve 88 miles of 118-mile-long Padre Island, America's longest, southernmost unspoiled beach, will assure that we can preserve enough of this place of natural beauty to meet the needs of all Americans.

Moves to reduce the size of the national recreation area and to force the construction of a highway the length of the island, if successful, would constitute a tragic giveaway of public heritage and an unconscionable waste of taxpayers' money. The speculators and promoters would like to see the Federal Government establish a 50-mile park in the middle of the island, much of which is less desirable shell bank area, and build a four-lane highway from Corpus Christi to Brownsville. They would have some 68 miles of high priced choice beach property—made high price and choice by the action of the Federal Government in building a highway where there is now none—located on a taxpayer financed highway that they could peddle for considerable profit at the tax expense of the majority of the people who couldn't afford the luxury of owning such beach property.

As one who has introduced three bills providing for establishment of this national seashore recreation area and after having spent many hours studying and considering the present and future need for public preservation of Padre Island, I am unalterably opposed to those who would see this project degenerate to a windfall for a few private promoters.

The letters and other reports that I am receiving from Texas strongly indicate that the people of our State are alert to this danger, and that most Texans and other people across the country who are interested in national parks, conservation, and the preservation of beaches and parks agree with respect to the need for the full 88-mile size national seashore recreation area on Padre Island.

TRIBUTE TO PAUL C. JOHNSON

Mr. JORDAN. Mr. President, as chairman of the Subcommittee on the Senate Restaurant, I think it fitting that I take this occasion to mark the latest milestone of the most senior employee on Capitol Hill. I refer to Paul C. Johnson, whom all of us know as the friendly, tactful, and efficient headwaiter in our Capitol dining room. On December 24, last, Paul completed his 60th year as an employee of the Senate Restaurant.

When Paul was only 17 years old, he left his home in Culpeper, Va., and came to Washington. His first job at the Capitol was as a substitute bus and pantry boy under a Mr. Page, who was then the restaurant manager. He was recommended for a permanent position by Senator Daniels of Virginia. By his commendable industry, he worked his way from busboy to waiter and finally to headwaiter in 1935. Throughout the years, he has worked under the supervision of some 20 managers, all of whom found his services of the highest order.

Paul was married for the first time in 1905. His wife died in the late 1930's, and he married again in 1940. He has one child by his first wife and expects to become a great-grandfather around the first of April. His hobby is botany, with a particular interest in yellow Texas roses. His most memorable experience during the time he has been employed here was a bomb explosion in the Senate Reception Room during the First World War.

I am sure all of my colleagues appreciate the diplomacy it requires to care for the requirements of the Senators and their many distinguished guests within the limitations of our dining room seating capacity. Paul has always proved himself worthy of the task. Although he is nearly 78 years old, he has the physique of a man in his early sixties. He is blessed with a remarkable memory and can talk with intimate recollection about Senators who have long since gone from our midst.

I feel sure that I speak for all the Members of this body when I say, "Congratulations, Paul, on your 60 years of dedicated service. May the good Lord see fit to keep you in good health so you may continue as our headwaiter in the new enlarged Senate dining room soon to be available."

ARTS COUNCIL OF GREAT BRITAIN ANALOGOUS TO U.S. ARTS FOUNDATION (S. 1250)

Mr. JAVITS. Mr. President, my proposal for the establishment of a U.S. Arts Foundation is closely analogous to the Arts Council of Great Britain, which has been in operation since 1946; a Canadian Arts Council is also now in operation. The experience and example of the Arts Council of Great Britain have considerable significance in any program for the encouragement and diffusion of the performing and visual arts in the United States. Headquarters of the British Arts Council

are in London with special committees functioning in Scotland and Wales, and it operates on a total appropriation of £1,500,000, or 7d. per capita. Its annual report is a printed document of 124 pages, and to illustrate its activities I ask unanimous consent to have printed in the RECORD, significant excerpts which I have made from the "Fifteenth Annual Report, 1959-60, of the Arts Council of Great Britain."

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM THE 15TH ANNUAL REPORT OF THE ARTS COUNCIL OF GREAT BRITAIN, 1959-60

Without their present subsidies from the Arts Council there would be no Royal Ballet, no Covent Garden Opera, no Sadler's Wells or Old Vic, and it is more than doubtful whether such fruitful experiments as those of the English Stage Co. at the Royal Court Theater or the Mermaid Theater at Puddle Dock would have been possible without the support and association of the Arts Council. For many years now London has enjoyed an international art exhibition of outstanding quality, organized entirely by the arts council. The latest of these is the great Picasso exhibition which packed the Tate Gallery this summer. Outside London none of the five permanent symphony orchestras would have survived without arts council grants, nor would the 30 repertory theaters in England and Scotland which are nowadays the thin red line of defense against the total mechanization of drama. Since the war many annual festivals of the arts have been initiated or revived, and again, without the cooperation of the arts council it is unlikely that Edinburgh, York, Leeds, Norwich, Aldeburgh, Bath, Cheltenham, King's Lynn and Swansea would continue to mount these exemplary and festive demonstrations of the fine arts.

NECESSITY FOR PUBLIC PATRONAGE

The arts in this country maintain in general a high level of performance, and they are attracting audiences very much larger than those of prewar years; yet their economic condition is such that without a national levy of 7d. a head they would have to put up the shutters tomorrow. The audiences contribute around 2 million pounds a year to the music, drama, opera, ballet and art exhibitions provided by the bodies the arts council supports, yet a contribution of another million and a half from public funds is essential to keep those arts alive.

It regards its major responsibility as being to maintain in the metropolis a few national institutions: Covent Garden Opera, the Royal Ballet, Sadler's Wells Opera and the Old Vic. A related obligation is to insure that these national institutions are also seen, as far as possible, outside London.

Of the grants made by the arts council, in the current year, 60 percent will be given to bodies based on London and 40 percent to bodies based outside. But when the figures are adjusted to take into account the subsidies required to send on tour Covent Garden, the Royal Ballet, Sadler's Wells, the Old Vic and the London Philharmonic Orchestra, the proportions of arts council money spent in London and in the rest of Britain work out approximately at 50-50.

PROVINCIAL PRIORITIES

The Arts Council recognizes that it has certain primary obligations outside London as well as in London. In the English provinces it endeavors to consolidate a limited number of regional strongholds of music

and drama. Thus it makes substantial grants to the four permanent provincial symphony orchestras—Halle, Royal Liverpool, city of Birmingham and Bournemouth (a total of £115,000 in 1960-61, compared with £79,000 the previous year). These orchestras perform not only in the towns on which they are based, but they also visit many other places within their regions, apart from occasional long-distance forays. In the English provinces, again, the Arts Council follows the policy of supporting a limited number of repertory companies—25 of them at present (at a cost of £100,000 in 1960-61, compared with £50,000 the previous year). These repertory theaters, like the orchestras, endeavor to serve audiences outside as well as inside the towns on which they are based, and the Arts Council's scheme of special transport subsidies to bring audiences in from a reasonable radius has proved a valuable instrument of diffusion.

Finally, in its list of primary obligations in the English provinces, the Arts Council includes a group of festivals, some annual, some triennial, which serve as focal points for the occasional presentation of the fine arts at a level much more ambitious than any which such places could normally sustain.

AMATEUR INFLUENCE

Another factor which bears closely on this problem of diffusion is the important role played by the organized amateur movements in music and drama * * *. The amateur orchestras, choirs and theatricals may be short of high professional competence—although bodies like the British Drama League and the National Federation of Music Societies now give them considerable guidance in various ways—but they can certainly foster an interest in the arts and, within their accepted limits, they are a powerful auxiliary of diffusion * * *. For reasons of finance and policy the Arts Council concentrates its aid upon the professional performances of the arts; yet it recognizes the amateur element as being a valuable auxiliary of diffusion and is this year distributing nearly £50,000 among amateur music societies and arts clubs of various kinds.

IMPACT OF TELEVISION

Since the Arts Council was set up in 1946 there has been developed the most potent instrument of diffusion yet to appear—television * * *. If TV is to be accepted, however, as the major mode of diffusion in the future, those who command its resources must be aware of their duty to replenish the arts they consume on the screen. They must accept their share of maintaining those powerhouses of the living arts on which they ultimately depend for what they put out. It is in the theaters, opera houses and concert halls of this country that there will continue to be found and trained the actors, singers, dancers, composers, decorators and producers on whom TV must so deeply depend for its creators and technicians * * *. This logical alliance between the powerhouses of the arts and the vast networks of TV transmission is one which needs every encouragement.

AID FOR THE ARTIST

The arts council applies the bulk of its annual income to opera and ballet companies, repertory theaters and orchestras, all of which are self-governing bodies wholly responsible for their own policies and programs. But for several years now the arts council, recognizing its obligations to the individual artist, has set aside money to assist and encourage a number of such artists, and several private benefactors have also entrusted money to the arts council for the same purpose. Twelve young dramatists have been awarded bursaries to enable them to develop their talent, ten producers and three designers have been given travel

grants to visit theaters abroad and observe what is being done in the European playhouses. A further method of giving young and promising talent a chance it might not otherwise get is the council's policy of offering theater managements limited guarantees to stage productions of new plays which would be deemed too speculative a risk in the usual way of business. In music the council administers funds of about £2,000 a year to assist young artists to pursue more advanced studies and to launch themselves in the professional field.

The largest expenditure of this kind occurs on the visual arts. At present the arts council is setting aside £5,000 a year for the purchase of paintings, sculpture and drawings by contemporary artists.

These methods of encouraging practitioners in all the arts are at present costing the arts council some £10,000 a year.

The arts council rejects this simple arithmetic of equal shares. It applies a means test to all applicants, and calls for estimates of income and expenditure over the trading year before determining what grant or guarantee it will make to an orchestra or a theater company. It also requires periodic trading returns from these bodies so as to observe the course of business, and appoints an arts council officer as an assessor at all meetings of the management committees of the bodies it assists. The arts council must see all the figures, including the occasional profits a company makes from a foreign tour, the income of a rare legacy, or the timely contribution of a supporters' club * * *. The arts council recognizes the anxiety some of its beneficiaries feel about the present system of annual grants. These would be obvious advantages if the arts council were enabled to operate, like the university grants committee, over a given period of 3 or 5 years, and thus give stronger assurances of support than it can offer at present. A long-term pattern of development is difficult to design on the basis of grants that have to be sought annually and sought, sometimes, in a period of squeeze and restriction.

HUNGARIAN INDEPENDENCE DAY

Mr. HUMPHREY. Mr. President, March 15 marks the 153d anniversary of the Hungarian revolution of 1848. This day is celebrated by Hungarians the world over in commemoration of the freedom fight of the Hungarian nation against the Hapsburg dynasty and which was finally crushed by the United Austrian and Russian Armies.

It is indeed tragic, Mr. President, that in this era of emerging, independent nations, Hungary, with a history of a thousand years' independence, is under bondage to the Soviet Union. And this bondage continues despite another world-shaking freedom fight in 1956—a freedom fight suppressed by the iron boot of the Kremlin, but which won the hearts and sympathy of free people throughout the world. Those Hungarian heroes of the 1956 revolt will not soon be forgotten, and it is our profound hope that they will not have died in vain.

Moscow is not, nor will it ever be, the true spokesman for its captive nation. People who will fight and die for their individual freedom and national independence will never be stilled, regardless of the form of imperialism under which they must suffer. We have a glaring example of the sociopolitico imperialism of the Soviet Union in the Baltic States—Lithuania, Estonia and Latvia.

But, Mr. President, our interests and efforts in the name of personal and national independence must include the nations enslaved under the label of Slavic brotherhood. The Hungarian people, despite secret trials and executions; despite collectivization of agriculture; and, despite the violation of human rights are still—and will remain—a people who want, desire and should have the right to institute their own form of government—if necessary, under the auspices of the United Nations. I can only urge, Mr. President, that the 12 political resolutions adopted by the United Nations General Assembly since the Hungarian revolution be enforced; that basic human rights and the rights of self-determination be restored.

Our Government was founded on the principle that self-determination of the governed will determine the type of government they shall have. I would wish this freedom of choice for all nations, and it is one of my fondest hopes that through the United Nations we shall employ facilities to enable those now enslaved to have free elections, spiritual, personal and political independence reinstated.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 1173) to authorize the appointment of Dwight David Eisenhower to the active list of the Regular Army, and for other purposes.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, is morning business concluded?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, without the time necessary for the call of the roll being applied to the unanimous consent agreement for consideration of S. 1.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. The pending business, namely, the distressed areas bill, now automatically comes before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. The pending business before the Senate then is the distressed areas bill?

The PRESIDING OFFICER. The Senator is correct.

The Chair lays before the Senate the unfinished business. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, in the nature of a substitute.

Mr. FULBRIGHT. Mr. President, I call up my amendments designated 3-9-61-D.

The PRESIDING OFFICER. The clerk will state the amendments. Does the Senator desire to have the amendments read in full?

Mr. FULBRIGHT. I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, the amendments will be printed in the RECORD without reading.

The amendments are as follows:

On page 40, strike out lines 9 through 18, and insert in lieu thereof the following:

"AREA REDEVELOPMENT ADMINISTRATOR

"Sec. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the 'Secretary') may assign."

On page 40, line 20, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 40, line 25, strike out "of Commerce".

On page 41, line 10, strike out "of Commerce".

On page 41, lines 15 and 16, strike out "of Commerce".

On page 41, line 21, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 42, in lines 2, 4, and 25, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 43, in lines 9, 10, 11, 20, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 44, in lines 12, 17, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 44, lines 24 and 25, strike out "the Secretary of Commerce".

On page 45, in lines 3, 4, 6, 12, and 17, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 46, line 10, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 47, in lines 11 and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 48, in line 4, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 49, in lines 1, 2, 5, and 16, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 50, line 14, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 51, in lines 20, 23, and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 52, in lines 5 and 10, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 53, line 12, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 54, in lines 4 and 7, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 55, line 18, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 56, in lines 15 and 21, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 57, line 18, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 58, in lines 4, 13, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 59, in lines 6, 7, 13, 15, 22, and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 60, in lines 10 and 11, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 61, in lines 17, 21, and 25, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 62, in lines 3, 4, and 5, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 63, in lines 15 and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 64, in lines 9, 12, 13, and 14, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 64, lines 24 and 25, strike out "Area Redevelopment Administrator" and insert in lieu thereof "Secretary of Commerce".

On page 67, line 9, strike out "Area Redevelopment Administrator" and insert in lieu thereof "Secretary of Commerce".

On page 68, in lines 1 and 2, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 69, line 19, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 71, in lines 10 and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 72, in lines 4, 8, 11, 18, 20, and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 73, in lines 5, 8, 11, 15, and 21, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 74, in lines 3, 5, and 6, strike out "Administration" and insert in lieu thereof "Department of Commerce".

On page 74, in lines 2, 16, and 17, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 75, in lines 1 and 11, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 76, lines 20 and 23, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 77, in lines 6, 9, and 10, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 78, in lines 11, 12, 15, and 24, strike out "Administrator" and insert in lieu thereof "Secretary".

On page 79, in lines 1 and 8, strike out "Administrator" and insert in lieu thereof "Secretary".

Mr. FULBRIGHT. Mr. President, I call up my amendments designated as "3-9-61-D," which I discussed when I presented it on Thursday, March 9.

These amendments will provide for the administration of the area redevelopment program under S. 1 in exactly the same manner in which the President has requested.

On January 25, 1961, President Kennedy wrote to the Vice President and the Speaker of the House recommending the enactment of area redevelopment legislation. In his letter, President Kennedy made the following statement:

The proposed legislation will involve more than one existing department of Government. All must be drawn into the effort. In my judgment, the department best equipped to supervise and coordinate the program is the Department of Commerce. However, if the Congress should decide that a new agency would be more appropriate I believe such an agency could also carry out the objectives I have outlined.

On February 20, 1961, President Kennedy wrote the Speaker of the House again, recommending the prompt enactment of legislation on this subject and enclosing with his letter a draft bill which he urged the House to consider. This bill, which has been introduced as H.R. 4569, vests the powers and functions created by the act in the Secretary of Commerce, instead of creating a new independent agency.

The President has now twice made it entirely clear that he favors vesting these powers and functions directly in the Secretary of Commerce, rather than create a new independent agency reporting directly to him.

The difference between the President's area redevelopment bill and S. 1, the Douglas bill as reported by the committee, on the point of administration, can be stated very simply.

Section 3 of the President's bill reads as follows:

There shall be appointed by the President by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the Secretary) may assign.

Section 3 of the Douglas bill reads as follows:

In order to carry out the purposes of this Act, there is hereby established in the Department of Commerce an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the same rate as that prescribed by law for an assistant secretary of an executive department.

My amendment on the point of administration reads exactly as does the President's bill.

It had been my intention to support the administration's bill this year, although I had opposed similar bills in the past, mainly on the grounds of my fears about the way in which they would be administered.

In my opinion, the wide powers which this bill provides, particularly with respect to the selection of redevelopment areas, require supervision at Cabinet level. The pressures which will be brought to bear upon the administration to designate this area or that, present great opportunities for favoritism, not to say boondoggling. To deal with these pressures requires the prestige and power which cannot be found at lower than Cabinet level, and the type of judgment which business background gives.

The President has never indicated his approval of the proposal in S. 1, as reported. The Department of Commerce wrote me under date of March 8, and I read from that letter as follows:

While Secretary Hodges is unable to reply personally to your letter today, I am confident that he would express complete endorsement of the amendment which you propose. In the first place, your proposed amendment, if adopted, would make S. 1 consistent with the bill now pending in the House on the same subject—and on which the Secretary testified several days ago. For your convenient reference, I enclose copy of Secretary Hodges' testimony before the House subcommittee. In addition, I enclose copy of his testimony before the Senate subcommittee, at which time he took the same position on the issue of administration of this proposed area redevelopment program.

I would also emphasize that adoption of the amendment which you have proposed would, on the issue of administration, be consistent with the views of the President as reflected in a draft bill on area redevelopment which the President transmitted to the Speaker of the House several days ago. This bill is now pending in the House as H.R. 4569.

It is our very definite opinion that the amendment to S. 1 which you have proposed should be adopted.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this letter.

After the receipt of that letter, the Secretary of Commerce called me and stated that this was his personal view. He endorsed the letter. He called to clear up the matter because the letter had been written in his absence.

Thus, the Department of Commerce letter to me stands as the viewpoint of the administration on this proposal. The fact is, of course, that it was cleared with the Bureau of the Budget as shown in the text of this letter, and it represents the viewpoint of the administration.

As I said on last Thursday, it seems to me that the President's preferences with respect to organizational matters are entitled to a great deal of weight, particularly, as in this case, where they do not involve quasi-legislative or quasi-judicial powers but are purely administrative and executive powers.

This same principle ought to apply to activities placed in a department. That is, the views of the Secretary of Commerce, in the absence of any overriding consideration, certainly should govern on the question of administration.

The Douglas bill would place the administration in the Department, but the Secretary would have no control whatsoever over the powers of the Administrator.

The placing of the Area Redevelopment Administration in the Department is not a compromise at all. In my opinion it is worse than an independent agency. It invites all sorts of questions with respect to the relations between the Administrator and the Secretary of Commerce and sows the seeds of discord between the President, the Secretary, and the Administrator. The confusion and conflict which inevitably will result from this proposal in my judgment will be harmful to the program.

When I spoke last Thursday, I invited attention to the fact that the committee amendment flies in the face of the first principles of the Hoover Commission. The 1950 reorganization plans recommended and supported by the Hoover Commission were designed to transfer to the heads of departments the powers and functions of officials within the departments. Reorganization Plan No. 5 of 1950, dealing with the Department of Commerce, was adopted. The Senate report on the resolution dealing with the plan included the following statement:

The paramount importance placed by the Hoover Commission on clarity of lines of authority is demonstrated time and again in its reports. That major thesis is first developed in general terms in the text and recommendations of Report No. 1 on general management, and is then followed up in the separate reports dealing with individual functions or agencies of the Federal Government:

"Report No. 1, on general management

"The introductory chapter of Hoover Commission Report No. 1, on general management, opens with the following paragraphs:

"In this part of its report, the Commission on Organization of the Executive Branch of the Government deals with the essentials of effective organization of the executive branch. Without these essentials, all other steps to improve organization and management are doomed to failure * * *.

"Definite authority at the top, a clear line of authority from top to bottom, and adequate staff aids to the exercise of authority do not exist. Authority is diffused, lines of authority are confused, staff services are insufficient. Consequently, responsibility and accountability are impaired.

"To remedy this situation is the first and essential step in the search for efficiency and economy in the executive branch of the Federal Government.

"There follow the * * * numbered recommendations from the same report relative to centralization of functions and an adequate supervisory staff:

"14. Under the President the heads of departments must hold full responsibility for the conduct of their departments. There must be a clear line of authority reaching down through every step of the organization and no subordinate should have authority independent from that of his superior.

"18. Each department head should receive from the Congress administrative authority to organize his department * * *.

"20. We recommend that the department head should be given authority to determine the organization within his department."

The new Area Redevelopment Administration which would be created by S. 1, as reported, would be exactly the kind of organization which the Hoover Commission in 1950 was trying to get rid of.

In the debate on my amendments last Thursday, the Senator from Minnesota [Mr. HUMPHREY] and the Senator from

Illinois [Mr. DOUGLAS] cited three examples of agencies within departments which would be, as they said, set up in a manner identical to the Area Redevelopment Administration under the Douglas bill. The examples they gave were the Rural Electrification Administration in the Department of Agriculture, the Public Health Service in the Department of Health, Education, and Welfare, and the Wage and Hour Division in the Department of Labor.

They were wrong in all three instances. On the contrary, the status of these agencies within their respective Departments is the same as the status of the Area Redevelopment Administration under my amendment and under the President's plan.

The REA is administered by the "Administrator of the Rural Electrification Administration under the general direction and supervision of the Secretary of Agriculture."

The Public Health Service is administered by the Surgeon General "under the supervision and direction of the Secretary of Health, Education, and Welfare."

With respect to the Wage and Hour Division, the functions are vested, under the provision of Reorganization Plan No. 6 of 1950, in the Secretary of Labor, and the Administrator of the Wage and Hour Division administers those functions delegated to him by the Secretary.

The examples cited by the two Senators are, or ought to be, proof of the validity of my position.

I think the President and the Secretary of Commerce are entitled to our support, or at least their views are entitled to overwhelming consideration in the absence of some really persuasive reasons to the contrary on matters dealing solely with administration within their own Administration or Department. I ask Senators to support the President and the Secretary by voting for my amendments.

I hope the Senate will adopt the amendments.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. I think the amendments offered by the Senator from Arkansas are a mistake. I argued this matter last week. I then made it clear that we have no objection to the Secretary of Commerce or to his Under Secretary or to his Assistant Secretaries, but that the record of the Department of Commerce in the past has been one of very vigorous opposition to the whole idea of area redevelopment. I stated that the staff of the Department of Commerce carries over into the new administration, and that they cannot be expected, as conscientious men, quickly to change their minds.

Furthermore, I pointed out that the Business Advisory Council, of 60 members, which is very close to the Department of Commerce, represents primarily big business enterprise and really consists of the moving spirits in the National Association of Manufacturers and the Chamber of Commerce, and that those two organizations have consist-

ently opposed this measure and continue to oppose it. I said, therefore, that I thought it would have been putting the measure in danger if its administration were lodged in the Department of Commerce.

I think it is significant that virtually every organization which has opposed and is opposing the measure wishes to have it lodged in the Department of Commerce, and that virtually every Senator who is opposed to the measure wishes to have it lodged in the Department of Commerce. I have been very careful to say that I do not believe that everyone who wishes to have the administration of the act lodged in the Department of Commerce is necessarily opposed to the measure; I simply have said that those who are opposed to the measure are in favor of having it administered by the Department of Commerce. There is good reason for this. If they cannot defeat the measure in an outright fashion, they wish to have it placed in a body which has been unsympathetic to it in the past and which they believe is still controlled by groups which are unsympathetic. So I think the amendments may be a grave mistake, and I wish to make my own record clear.

However, we have been counting noses, and I think it is apparent that the amendments would carry; and, of course, the views of the distinguished Senator from Arkansas, who is always influential, will have great weight. So, as in war, it is sometimes necessary to retire from the front lines to a prepared position. I am ready to accept the amendments, provided the Senator from Arkansas can assure us that they come from a friendly heart and are not merely a prelude to a further series of gutting amendments which would take virtually all the vigor and benefit from the bill. I should like some assurance from the Senator from Arkansas as to how he feels about certain other portions of the bill before I formerly accept his amendments.

I am in a very cooperative mood. In the interest of harmony and peace, as well as with a recognition of the fact that on a yea-and-nay vote we might lose, I am ready to accept the Senator's amendments. However, I hope the Senator from Arkansas will not subsequently join those who are attempting to gut what remains of the bill.

Mr. FULBRIGHT. Mr. President, first, I should not have to remind the Senator from Illinois that since the days he mentioned, there has been an election. There is a new Secretary of Commerce, and I feel certain that there will be a number of new members of the Advisory Council, if not a completely new Council.

Mr. DOUGLAS. That is a mistake which the Secretary of Commerce fell into in his broadcast on Sunday. The members of the Business Advisory Council are not named by the Secretary of Commerce. It is a self-perpetuating body, the members of which choose their successors. This is a very important point to consider.

Mr. FULBRIGHT. I was only reminding the Senator that one of the very

prominent members of that Council resigned.

Mr. DOUGLAS. No; he did not resign from the Council; he resigned as its chairman.

Mr. FULBRIGHT. Well, he resigned as chairman. However, the Secretary of Commerce has stated that he has under consideration the whole matter of what to do about the Business Advisory Council. In any case, the Secretary is a new Secretary, and the administration is a new administration. The attitude of this administration is quite different from that of the previous one with respect to the proposed legislation.

I do not mind saying to the Senator from Illinois that my own view about the character of the administration and its quality is greatly influenced by the change in administrators. Perhaps the Senator from Illinois is not affected as much as I am by the difference in the parties, but the change makes quite a difference to me.

Mr. DOUGLAS. I think I am even more affected by it than is the Senator from Arkansas.

Mr. FULBRIGHT. On the matter of supporting the bill, I have stated my position. I will pursue the Senator's other comment at a different time.

Mr. DOUGLAS. The Senator started it, so I replied.

Mr. FULBRIGHT. My State seems to do better in supporting the party nationally than does the State of the Senator from Illinois. My State has not deserted the party for many more years than the Senator's State. He has nothing to brag about concerning the loyalty of the State of Illinois to the Democratic Party.

Mr. DOUGLAS. I think the State of Illinois has done very well. I am ready to match the voting record of the senior Senator from Illinois with that of the junior Senator from Arkansas.

Mr. FULBRIGHT. In the last election, the result in Illinois was so close that it is still undetermined.

Mr. DOUGLAS. No, it is not undetermined at all. However, I do not wish to enter into a debate with the distinguished Senator from Arkansas, because I know that his accents are much more polished than my own. I will not enter into a shouting match. I am ready to accept the Senator's amendments.

Mr. FULBRIGHT. Then I have nothing more to say, if that is all. Let us vote.

Mr. DIRKSEN. Mr. President, on these amendments I yield back the remainder of my time.

Mr. SCOTT. Mr. President, before the Senator yields back his time, will he yield to me?

Mr. DIRKSEN. I yield to the Senator from Pennsylvania.

Mr. SCOTT. I do not speak in opposition to the amendments. I support the amendments. They are substantially the same as the provision contained in the bill which I introduced, S. 6, and I am very happy to see it become a part of the bill now under consideration.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

Mr. DIRKSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Arkansas.

The amendments were agreed to.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendments were agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I submit an amendment in the nature of a substitute. I do not ask to have the amendment read; instead, it can be reported by title.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD, without being read at this time.

The amendment submitted by Mr. DIRKSEN is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Assistance Act of 1961".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that, even during periods of prosperity for the Nation as a whole, some of our communities suffer substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and decrease economic vulnerability by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

AUTHORITY OF SECRETARY OF COMMERCE

SEC. 101. (a) The Secretary of Commerce, hereinafter referred to as the Secretary, may designate as an area of substantial and persistent unemployment any area certified as eligible for such designation by the Secretary of Labor.

(b) To assist areas in the United States designated as areas of substantial and persistent unemployment, the Secretary is authorized—

(1) to make grants for technical assistance for such areas in accordance with the provisions of section 106 (a) of this Act; and

(2) to provide loans for such areas in accordance with the provisions of section 107 of this Act.

(c) The Secretary is also authorized—

(1) to extend the full cooperation of the Federal Government to all areas in the United States (including Puerto Rico) in promoting the more effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries; such cooperation to be provided through technical advice and consultation and, when necessary, through the conduct of special studies.

(2) to decrease, through grants made in accordance with the provisions of section

106(b) of this Act, the economic vulnerability of (i) towns predominantly dependent on one industry, (ii) small towns which could serve as centers for economic diversification of low-income rural areas, and (iii) other low-income rural areas not subject to assistance as in (ii), by helping them to develop manufacturing, processing, and other activities calculated to diversify and improve their economies; and

(3) to coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

(d) As used in this Act:

(1) The term "United States" includes the several States and the District of Columbia;

(2) The term "State" refers to an individual State or the District of Columbia; and

(3) The term "loan" includes loans, immediate participation in loans, and purchase of evidences of indebtedness.

AUTHORITY OF SECRETARY OF LABOR

SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, certify the existence of areas eligible for designation as areas of substantial and persistent unemployment whenever he finds, on the basis of available labor force data, or studies which he initiates when he deems necessary that—

(1) the rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

(2) the annual average rate of unemployment in the area has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

(b) In the case of labor market areas for which appropriate historical labor force data have not been compiled, the Secretary of Labor shall certify as eligible for designation as areas of substantial and persistent unemployment those areas in which the unemployment rate and duration, based on a survey of available labor force data, generally equals or exceeds the rate and duration specified in section 102(a).

(c) The Secretary of Labor may also certify under subsection (a) or (b) of this section the existence of eligible areas upon request of any appropriate State government agency, instrumentality, or political subdivision.

(d) The Secretary of Labor is authorized, upon request and whenever he determines that such studies are needed, to undertake, or to provide assistance to others in studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of an area certified under this section.

(e) When skills of the labor force in an area designated under section 101 are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

(f) Whenever the Secretary of Labor finds a need for vocational education services in an area designated under section 101 and when such area has an economic development program as provided in section 107(b)(9) he is authorized to assist interested agencies to determine the vocational training needs of

unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State vocational education agency for the provision of such services in the area. There is hereby authorized to be appropriated not to exceed \$1,500,000 annually for the purpose of providing financial assistance under this subsection.

AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

SEC. 103. Title I of the Housing Act of 1949, as amended, is amended by adding the following new heading and section at the end of title I:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT"

"SEC. 113. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (referred to as 'municipality' in this section) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1961 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1961 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) of this title that the project area be clearly predominantly residential in character or that it will be predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b) hereof.

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested under this section for the completion of such project notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an area of substantial and persistent unemployment.

"(f) Not more than 10 per centum of the funds authorized for capital grants under section 103 after June 30, 1960, shall be available to provide financial assistance under this section."

SEC. 104. (a) The first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give priority to applications of counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determined to be areas of substantial and persistent unemployment under the Area Assistance Act of 1961: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Assistance Act of 1961 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and equal priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need; the Administrator shall give a first priority above all others to applications for financing needed public facilities in connection with, and that will directly serve, a project eligible under section 107 of the Area Assistance Act of 1961."

(b) The first sentence of section 203(a) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury from time to time, and to have outstanding at any one time in an amount not exceeding \$100,000,000, notes and other obligations, which limit shall be increased by such amounts, not exceeding \$100,000,000, as may be specified from time to time in appropriation Acts."

URBAN PLANNING GRANTS

SEC. 105. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "Cities, other municipalities, and counties which" the following: "(A) are situated in areas designated as areas of substantial and persistent unemployment under section 101(a) of the Area Assistance Act of 1961, or (B)."

GRANTS FOR TECHNICAL ASSISTANCE

SEC. 106. (a) In carrying out section 101(b)(1), the Secretary is authorized to make grants for technical assistance including studies evaluating the needs of, and developing potentialities for, economic growth of areas designated under section 101(a). These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529). Appropriations are hereby authorized for these grants in an amount not to exceed \$1,500,000 annually.

(b) In carrying out section 101(c)(2), the Secretary is authorized to make similar grants for the benefit of towns and areas described therein. Negotiations taking into account the financial ability of the grantee and other relevant considerations shall be made for contributions to costs of projects undertaken hereunder. These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and appropriations therefore are hereby authorized in an amount not to exceed \$2,000,000 annually.

LOANS

SEC. 107. (a) In carrying out section 101(b)(2) of this Act the Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within an area of substantial and persistent unemployment for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied fac-

tory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, for purchase of machinery or equipment, or to assist establishments relocating from one area to another.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section shall not exceed \$75,000,000;

(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the projects to be financed shall be located;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the area of substantial and persistent unemployment wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) No loans shall be made unless it is determined that an immediate participation is not available;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) No loan, including renewals or extension thereof may be made hereunder for a period exceeding thirty years and no evidence of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loans or of such evidence of indebtedness;

(8) Each loan shall bear interest at a rate equal to the interest rate currently payable under section 108(e) on advances from the Treasury, plus one half of 1 per centum per annum for administrative expenses and a reserve for losses on loans;

(9) (A) Not less than 15 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof, and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder;

(B) Of the remaining 85 per centum of the aggregate cost, 35 per centum of the aggregate cost may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107(b) (9) (A).

(C) Loans shall not be available hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds provided

under section 107(b) (9) (A), shall be sufficient to pay such aggregate cost; and

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

AREA ASSISTANCE FUND

SEC. 108. (a) There is hereby authorized to be established in the Treasury of the United States a revolving fund to be known as the area assistance fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the payment of all obligations and expenses in connection with the loans authorized under section 101(b) (2).

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$75,000,000.

(c) Receipts arising from the loan program shall be credited to the fund.

(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary.

(f) Contributions shall be made from the fund to the civil service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section 101(b) (2). Contributions shall also be made to the employee's compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees performing activities authorized under section 101(b) (2). The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Secretary into the Treasury as miscellaneous receipts.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 109. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as an area of substantial and persistent unemployment have changed to such an extent that such area is no longer eligible for such designation under section 101(a) of this Act, no further assistance shall be granted under this Act, with respect to such area and, for the purposes of this Act, such area shall not be considered an area of substantial and persistent unemployment: *Provided*, That nothing contained herein shall—

(a) prevent such area from again being designated an area of substantial and persistent unemployment under section 101(a)

of this Act if the Administrator determines it to be eligible under such section or

(b) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as an area of substantial and persistent unemployment. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

BUDGET AND AUDIT

SEC. 110. In the performance of and with respect to the functions, powers, and duties vested in him by section 107 of this Act, the Secretary shall—

(a) prepare annual and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(b) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the Secretary with respect to the program of financial assistance authorized by section 101(b) (2) shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

AREA ASSISTANCE ADMINISTRATOR

SEC. 111. There shall be appointed by the President by and with the advice and consent of the Senate an Area Assistance Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

POWERS

SEC. 112. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102 hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101(b) (2) hereof or security taken thereunder, statutes, rules, and regulations pertaining generally to suits by and against the United States shall be applicable;

(d) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect

or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(e) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(f) pursue to final collection by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third parties assigned to the Secretary in connection with loans made by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Secretary pursuant to the provisions of this title may be exercised by the Secretary or by any officer or agent appointed by him for the purpose;

(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 101(b)(2) of this Act; and

(h) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract in any office where an attorney or attorneys are or can be economically employed full time to render such service.

ADVISORY BOARD

SEC. 113. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the "Board", which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

DEPOSITARIES AND AGENTS

SEC. 114. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agents. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

PENALTIES

SEC. 115. With respect to financial assistance authorized by this Act:

(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary—

(1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or

(2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft bill of exchange, mortgage, judgment, or decree thereof, or

(3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or

(4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) As used in this section, the term "Secretary" shall mean, with respect to the lending activities of the Housing and Home Finance Administrator authorized under this Act, the Housing and Home Finance Administrator.

USE OF OTHER FACILITIES

SEC. 116. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall to the extent practicable and with their consent use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

CONSULTANTS

SEC. 117. The Secretary is authorized to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55(a)), at rates not to exceed \$75 per diem for individuals.

ANNUAL REPORT

SEC. 118. The Secretary shall make a comprehensive annual report of his operations under this Act for the fiscal year ending on the preceding June 30, to the President, for transmission to the Congress as soon as practicable in each year, but in no case later than the third day of the following January.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 119. In addition to appropriations specifically authorized by sections 106 and 108, appropriations are further authorized for the carrying out of other provisions and purposes of this Act.

Mr. DIRKSEN. Mr. President, I believe I am entitled to be recognized by the Chair for 1 hour, to speak in support of my amendment in the nature of a substitute.

The PRESIDING OFFICER. Yes, for 1 hour.

Mr. DIRKSEN. Mr. President, momentarily I withdraw my amendment, in deference to the distinguished chairman of the Banking and Currency Committee, who has an amendment to submit.

Mr. ROBERTSON. Mr. President, I call up my amendments identified as 3-7-61—A.

The PRESIDING OFFICER. The clerk will state the amendments offered by the Senator from Virginia.

Mr. ROBERTSON. Mr. President, I ask unanimous consent to dispense with the reading of the amendments in extenso and to have them printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

On page 49, line 25, strike out "raised" and insert in lieu thereof "appropriated".

On page 53, line 6, strike out "raised" and insert in lieu thereof "appropriated".

On page 56, beginning with line 14, strike out all through line 15 on page 57, and insert in lieu thereof the following:

"SEC. 9. (a) When requested by the Administrator, advances shall be made to the revolving funds, established under sections 6(c) and 7(f) of this Act, from appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to such funds, without fiscal year limitation, an amount not to exceed \$300,000,000.

"(b) Receipts arising from the loan programs authorized in sections 6 and 7 shall be credited to the appropriate revolving fund. Any moneys in any such fund determined by the Administrator to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to such fund.

"(c) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to any such fund at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Administrator under this Act."

On page 57, line 16, strike out "(b)" and insert in lieu thereof "(d)".

Mr. ROBERTSON. Mr. President, the amendments present no new question for us. Ever since the days of the Reconstruction Finance Corporation, we have been confronted with the question raised by the amendments. We did not have much cash, and we did not know how much money Congress wanted to put into the rehabilitation of banks, railroads, and other defunct businesses, and so we resorted to an unfortunate device. It is known as back door financ-

ing. Under that device, we authorize an agency to borrow money, whatever it says it needs, directly from the Treasury, and the agency offers its notes. Presumably, the loans will be repaid, but I am sure anybody who reads this bill will agree that many loans made under the bill will never be repaid.

S. 1 would establish three revolving funds for three lending programs. The money for these revolving funds would be borrowed from the Treasury Department under the so-called borrowing authority or back door financing.

I have long been opposed to the use of the borrowing authority as a device to bypass the appropriations process. This device not only bypasses the Appropriations Committee; it also bypasses the basic principle that all money bills must be initiated in the House of Representatives.

The Constitution of the United States provides, in article I, section 9, that:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

This constitutional mandate has been implemented in both Houses of the Congress by the adoption of rules establishing the standing Committees on Appropriations. Rule XXV of the Standing Rules of the Senate sets forth explicitly the jurisdiction of the Appropriations Committee. Under the rule, all proposed legislation dealing with the appropriation of the revenue for the support of the Government must be referred to that committee. Identical language is contained in rule XI of the Rules of the House of Representatives, which states the jurisdiction of the House Appropriations Committee.

As all of us know, proposed legislation creating a new governmental activity is considered by some other committee than the Committee on Appropriations. In order to provide for the financing of such new activities, the basic legislation generally provides authority to obtain an appropriation, by the use of language such as "There is hereby authorized to be appropriated for," and so forth.

In January 1932, in order to meet the emergency situation caused by the depression, the Committee on Banking and Currency adopted a new procedure, with little or no precedent, to finance the activities of the Reconstruction Finance Corporation. The Reconstruction Finance Corporation Act authorized the RFC to sell its obligations directly to the Secretary of the Treasury, with the purchase of these obligations to be treated as a public-debt transaction. By borrowing directly from the Treasury in this manner, there was no necessity to secure the approval of the Committee on Appropriations for the expenditure of these funds.

This method of appropriating funds from the Treasury in a legislative bill was used from time to time during the depression years and World War II. Perhaps this procedure can be justified in emergency situations, but its use in recent years has become increasingly commonplace.

It is surprising that over the years this procedure for authorizing direct

borrowing from the Treasury in the legislative bill has not been tested by a point of order in the Senate. On many occasions the reverse situation, legislation in an appropriation bill, has been ruled out of order. It is obvious that any language in a bill which orders the payment of money from the Treasury without the necessity of further action by the Congress is an appropriation, and the Senate rules require such legislation to be referred to the Committee on Appropriations.

Those who defend the right of committees other than the Appropriations Committee to include an appropriation in a legislative bill claim exemption from rule XXV of the Senate because of the language in that rule "for the support of the Government." According to that claim, the Government, for which appropriations must be handled exclusively by the Appropriations Committee, consists of the three branches of the Government—executive, judicial, and legislative—and nothing more. But that interpretation would exclude the biggest appropriation bill for defense. On the other hand, if we admit that the Armed Services Committees of the House and Senate could not bypass the Appropriations Committees and report appropriation bills for the Defense Department, we are forced to admit that the words "support of the Government" mean any duly authorized operation of the Government, and that covers everything that the Congress is authorized by the Constitution to do.

Frankly, it was a sad day for those of us who believe in economy as well as in States rights when the Congress claimed that the general welfare clause was a general grant of power instead of a limitation upon the taxing power, and that claim was upheld by the Supreme Court of the United States, because, if we place no constitutional limitation upon what Congress can do, confusion arises concerning terms used at a time when the Government was exercising no powers except those granted by the Constitution, expressly or by necessary implication. The Government is now engaged in a multiplicity of actions never dreamed of when rule XXV was originally adopted. Clearly, therefore, it would be an improper construction of rule XXV to say that it included some functions of the Government, and not all functions.

Again, it has been claimed that a legal right to bypass the Appropriations Committee has been established by precedent. Under the English common law, and I assume under the laws of all States, it is possible to gain possession of real estate by adverse possession, but there is nothing in the rules of the Senate or in the history of those rules to indicate that any rule of the Senate can be legally changed simply by frequent violations of it.

While admitting that members of the Senate Appropriations Committee have been negligent through the years in the protection of their exclusive jurisdiction in the handling of appropriations bills, it should be apparent to all that the time has come when Members of the Senate must make a definite decision on how

they prefer to make appropriations and to manage the national debt.

If the Banking and Currency Committee can use this procedure to finance any new program its members desire, there is no reason why all the other committees cannot do the same. I would not be at all surprised if an attempt is made in the near future to finance the entire foreign aid program by direct borrowing from the Treasury, thus avoiding the risk of having these funds cut by the Appropriations Committee. In fact, there already is precedent for such action. The \$3.7 billion loan to England in 1946 and the \$60 million loan to Spain in 1950 were financed by direct borrowing from the Treasury. If the violation of rule XXV is permitted to continue, an endless number of Government programs could be financed in this manner.

I realize there may be emergency situations in the future necessitating the use of the direct borrowing procedure. In such situations, the orderly legislative procedure would be to waive the rule by unanimous consent. In this manner the jurisdiction of the Appropriations Committee would be recognized and the entire process would be open and above-board.

There are those who argue for use of the borrowing authority in the case of loan programs and the use of the appropriations processes in expenditures programs. I do not agree with this position, but even its adherents should hesitate to use the borrowing authority for the loan programs under S. 1. The loans will be secured, if at all, by third and fourth and fifth mortgages. They will be made for long terms—25 years in the case of industrial and commercial facilities, and up to 40 years in the case of public facilities. There is no requirement that they should be amortized. Under the original bill a small sinking fund was provided for of one-fourth of 1 percent per annum, but under the amended bill, not even this tiny percentage need be set aside in a sinking fund.

Senators should remember that these loans are to be made in distressed areas where outside financing is not available, where the redevelopment program may or may not succeed over the next 25 to 40 years, with no amortization required, and perhaps no security whatever. It seems to me entirely vain to hope that any substantial part of these loans will ever be repaid.

What has happened under the Defense Production Act borrowing authority may well happen again. The agency may well become insolvent as a result of having to pay interest on money borrowed from the Treasury which has gone down the drain. The administration, like those administering the Defense Production Act borrowing authority, may soon be back pleading to have the interest waived, pleading to have the interest canceled, and pleading to have the losses forgiven. By that time it will be too late for the Appropriations Committee or any other congressional committee to review the programs and to

see whether any caution or discretion has been used in administering them.

In short, I oppose the use of the borrowing authority under S. 1, both because it conflicts with what I consider sound principles of constitutional government and because the loan program is so loose and so vague that the only results will be losses of funds.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. LAUSCHE. I concur with the views expressed by the Senator from Virginia in regard to back-door financing. I should like to ask a question dissociated from the subject of the discussion today. I invite the Senator's attention to the community facilities bill which was passed either last year or the year before. How did that bill differ in its provisions from the section of the bill we are now considering for lending funds to build community facilities?

Mr. ROBERTSON. The community facilities program, or more precisely the public facilities program in the community facilities administration is part of the housing bill. As the Senator from Virginia recalls, they were included in a general back-door financing program.

Mr. LAUSCHE. The community facilities bill which we passed provided for loans to do practically all the things covered by the pending bill in regard to community facilities, except that the pending bill provides for grants as well as loans.

Mr. ROBERTSON. It would be really just a duplication, so far as the loan program in S. 1 is concerned.

Mr. LAUSCHE. The community facilities aspects of S. 1 are a duplication of what was provided in the community facilities bill passed a year or two ago?

Mr. ROBERTSON. The overall answer is, "Yes."

Mr. LAUSCHE. Do the two bills differ from the standpoint that one provides for loans and the other provides for grants?

Mr. ROBERTSON. Both provide for loans.

Mr. LAUSCHE. And grants?

Mr. ROBERTSON. The bill passed 2 years ago did not provide for any substantial grants. The pending bill provides for grants.

Mr. LAUSCHE. I believe \$75 million is provided in this bill for direct grants to build community facilities?

Mr. ROBERTSON. Seventy-five million dollars.

Mr. LAUSCHE. Under the community facilities bill could moneys be loaned to build sewer systems, water supply lines, sidewalks, and other such things?

Mr. ROBERTSON. That is correct.

Mr. LAUSCHE. So we now are asked to provide a duplication of what was provided in the community facilities bill?

Mr. ROBERTSON. The Senator is correct. The Senator from Virginia is opposed to this duplication.

Mr. LAUSCHE. Why are we duplicating it?

Mr. DOUGLAS. Mr. President, will the Senator yield to me so that I may answer that question?

Mr. ROBERTSON. I will yield to the author of the bill. He put in the provision. He is the duplicator, not the Senator from Virginia.

Mr. LAUSCHE. I did not hear the Senator.

Mr. ROBERTSON. I yield to the Senator from Illinois to explain the duplication.

Mr. DOUGLAS. Mr. President, there is no duplication. As the Senator from Ohio said, the community facilities bill was designed primarily to provide sidewalks, water mains, sewer systems, and so forth, to improve the living conditions within the communities concerned.

The bill now before the Senate would provide \$75 million in grants for public facilities for—and these words are significant—industrial and commercial purposes. In other words, these facilities would be used to help to attract industries to the redevelopment areas.

The area redevelopment bill and the community facilities program were designed primarily to cover two different sets of facilities. One relates to the provision of industrial water, as distinct from water which goes into households. There is a need for industrial lakes for modern industry, which increasingly uses water in the process of manufacturing.

Mr. LAUSCHE. Under the grants?

Mr. DOUGLAS. Grants and loans.

Mr. LAUSCHE. Grants and loans.

Mr. DOUGLAS. The area redevelopment bill would also provide assistance for industrial parks; namely, a group of small buildings, or a large building which can be subdivided, connected with the main highway by access roads and connected also with water systems, sewer systems and power systems, so that the area can be subdivided and leased to a series of small industries.

The two measures have entirely different purposes. We are now considering a bill to provide industrial and commercial facilities intended to attract industry. The community facilities bill was designed for the improvement of living facilities within a community. The two approaches are quite different.

Mr. ROBERTSON. The Senator from Ohio has heard the explanation of the patron of the bill, that there is no duplication.

Another explanation as to why there is no duplication is that the original act was administered by the HHFA. The HHFA administered the act very carefully and narrowly.

The pending bill provides a broad program, so that these people can proceed with what they could have done before, and go beyond anything they did before.

Mr. LAUSCHE. Then do I correctly understand that the community facilities provision in the Housing Act was deemed to be inadequate, so a decision has been made to create a new division of loans and aid for industrial development? Does the Senator from Illinois take the position that under the Housing Act no money could be loaned or

granted for community facilities unless they were definitely dissociated from industrial use.

Mr. DOUGLAS. I think the language is sufficiently vague so that, if stretched, the money could be used for such purposes.

Mr. LAUSCHE. It is my understanding the money can be used.

Mr. DOUGLAS. May I finish? In practice, as of last summer no such loans had ever been made. In practice, the Housing and Home Finance Administration interpreted these authorizations in existing law very narrowly. Now there is some dispute as to whether the existing language could be broadened. The purpose of the pending bill is to make it perfectly clear that this type of assistance should be provided for industrial and commercial public facilities.

Mr. LAUSCHE. Does the Senator take the position that if an Administrator should find that a loan is not sound, based upon the circumstances surrounding it, and that the prospects of repayment are not good and therefore the loan should not be made, we then should pass a new bill to enable unsound loans to be made?

Mr. DOUGLAS. No; not at all.

Mr. LAUSCHE. Does not the Senator believe that the bill would lead to that result?

Mr. DOUGLAS. Not at all. The Senator from Ohio is caricaturing this point of view. We merely say that in order to attract industry, we need something more than sidewalks or sewer systems or water mains. In many cases—but not in all—we shall need industrial lakes to supply large quantities of industrial water to manufacturing concerns. In many cases we shall need industrial parks, which I have defined as either a large building or a series of small buildings, with access connections of roads, utility facilities, and so forth, so that such parks can be subdivided and leased to a series of small plants.

Mr. LAUSCHE. Would the buildings be used for operating plants?

Mr. DOUGLAS. For manufacturing. The Senator is correct.

Mr. LAUSCHE. Then the taxpayers of Ohio would be giving money to the Federal Government to be used by the Federal Government to give to communities to build industrial plants to be occupied by those who wish to engage in business.

Mr. DOUGLAS. As the Senator from Ohio probably knows, there are two provisions in the bill governing public facilities for industrial and commercial purposes. There is a revolving loan fund of \$100 million. There is also an authorization for grants of \$75 million. \$100 million of the \$175 million would be utilized for loans. The remaining \$75 million would be a grant program.

The position we take, the principle which underlies the entire bill, is that there is a national responsibility and a national obligation to help areas which, through no fault of their own, have suffered prolonged and persistent unemployment. It is not the fault of the coal miners and the coal-mining

communities of West Virginia or Illinois that employment in the coal-mining industry has shrunk to about one-third, or more, leaving many communities in distress. It is not the fault of the copper miners on the Upper Peninsula of Michigan that the copper mines around Houghton have become largely exhausted. It is not the fault of the men mining iron ore in Minnesota that the Mesabi Range is being exhausted. It is not the fault of the people in West Virginia that their mining industry has deteriorated, nor is it the fault of the people in Lowell, New Bedford, and Fall River, and in the textile centers of the North, that the textile industry has moved South. Under those circumstances we say that it is sound national policy to try to bring new industry into those localities so that these people can return to work.

Mr. LAUSCHE. Is the answer to my question that the taxpayers of Ohio would be giving their money to the Federal Government which in turn would give it to communities to build parks—

Mr. DOUGLAS. Industrial parks.

Mr. LAUSCHE. Industrial plants to be occupied by business? Is the answer "Yes"?

Mr. DOUGLAS. To a limited degree. If the Senator from Ohio wishes to repeal the Constitution, and if he wishes to say that the National Government has no responsibility for the general welfare, he can do so. I happen to believe in the Constitution, and I believe that the Nation was in part founded to promote the general welfare as well as the common defense. That statement is made in the preamble and in article I of the Constitution, giving to Congress power to levy taxes and spend money in behalf of the general welfare.

Mr. LAUSCHE. The Senator from Illinois does not believe in the Constitution any more deeply than does the Senator from Ohio, and no more deeply than does any other Senator in this body.

Mr. DOUGLAS. I do not claim to have a monopoly on virtue.

Mr. LAUSCHE. I have some qualms about the ability of the Congress to declare by legislation an area to be suitable for business, when it is lacking in the attributes that attract business. I cannot understand how we would create an area that is acceptable and suitable for the settlement of business from an area which is remotely situated from the consuming public and the raw materials which it needs, and an area in which there is an indifference to the maintenance of law and order, and the protection of life and property.

I differ with the Senator from Illinois in his belief that the U.S. Congress, by some magic wand and the provision of money, can do things that are completely inconsistent with natural laws and natural experience. In my judgment that is what is sought to be done by the bill.

I believe that if the bill is passed, Ohio will be in the position of witnessing Federal money being used to build plants and parks, taking businesses away from

Ohio, denying Ohio the right to attract new businesses, and channeling into other areas business that would be in competition with the products of Ohio. I am grateful to the Senator from Virginia for yielding.

Mr. ROBERTSON. I thank my colleague.

Mr. President, I yield back the remainder of my time. If Senators who are opposed to my amendment will yield back the remainder of their time, we can have a vote.

Mr. METCALF. I yield such time to the Senator from Illinois as he desires.

Mr. DOUGLAS. Mr. President, if the amendment is adopted we may as well say goodbye to an effective bill.

Before I start to argue the point, let me indicate what is at stake. Under the bill there are three revolving loan funds of \$100 million. One would be set up to help finance loans to industry in industrial areas of high and persistent unemployment. There would be another loan program of \$100 million to finance industry in rural areas of high underemployment and low farm income. There would be another loan program of \$100 million for the public facilities which we have been discussing.

I understand that my good friend from Ohio is opposed to all three of these provisions, because that is what he has seemed to be arguing.

Mr. LAUSCHE. I did not hear what the Senator from Illinois said.

Mr. DOUGLAS. I said that I thought my friend from Ohio was arguing against loans to help establish new industries in industrial areas of high unemployment, and new industries in rural areas of high underemployment and low farm income, as well as the revolving loan fund for public facilities, and that his objection was directed to all three of the \$100 million loan funds.

Mr. LAUSCHE. I would subscribe to a lending program properly financed by the Federal Government through current taxes and not through back-door financing.

Mr. DOUGLAS. I understand.

Mr. LAUSCHE. I do not subscribe to an extension of the gift program of the Federal Government.

Mr. DOUGLAS. I understand. In addition to the three \$100 million revolving funds there is authorization for \$94 million in grants and appropriations; \$75 million in grants for public facilities; \$10 million for retaining subsistence payments; \$4½ million for retraining; and \$4½ million for technical assistance.

We provide for authorizations for all current expenditures and then, later, appropriations by the Appropriations Committees. The issue is on the \$300 million in the revolving loan fund. We are asking that this sum be provided upon Treasury issue rather than by annual appropriations. That is the question before us. The Senator from Virginia made quite an argument, implying that this was a heinous thing. I would like to show that this is a well established practice with many precedents going back for more than 40 years.

Similar authority was granted in 1918 to the Federal land banks. In 1932 it

was provided for the Reconstruction Finance Corporation. In 1933 it was provided for the Federal home loan banks. It was granted in 1934 to the Federal Farm Mortgage Corporation. In 1936 it was granted to the Rural Electrification Administration. Also in 1936, it was granted to the U.S. Maritime Commission; to the Public Housing Authority in 1937, in 1938 to the Commodity Credit Corporation.

In addition, it has been provided for a whole series of other agencies or programs, among them, the Farmers' Home Administration, the Economic Cooperation Administration, urban renewal; the Veterans' Administration; for college housing; the St. Lawrence Seaway Development Corporation; the U.S. Information Agency; the International Monetary Fund; and many others. I ask unanimous consent that there may be inserted in the RECORD, at this point in my remarks a list of statutes which have provided for the financing of Federal programs through public debt transactions rather than through current appropriations.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

AUTHORITY TO USE FUNDS BORROWED FROM TREASURY

The following is a list of statutes that have provided financing for Federal programs through public debt transactions, rather than appropriations. The statutes cited are the original statutes granting the authority; there have been numerous later amendments. In some cases the statute listed below authorized the operating agency to borrow from RFC, which in turn borrowed from the Treasury. In each such case, however, a later statute has eliminated this intermediate step, authorizing the agency itself to borrow directly from the Treasury:

AGENCY—STATUTE

Reconstruction Finance Corporation, January 22, 1932 (47 Stat. 9).

Federal Home Loan Banks, July 22, 1932 (47 Stat. 728).

Home Owners' Loan Corporation, April 27, 1934 (48 Stat. 643).

Federal Deposit Insurance Corporation, June 16, 1934 (48 Stat. 971).

Federal Farm Mortgage Corporation, January 31, 1934 (48 Stat. 346).

Federal National Mortgage Association, January 31, 1935 (49 Stat. 3).

Export-Import Bank, January 31, 1935 (49 Stat. 4).

Rural Electrification Administration, May 20, 1936 (49 Stat. 1364).

Public Housing Administration, September 1, 1937 (50 Stat. 989).

Commodity Credit Corporation, March 8, 1938 (52 Stat. 108).

International Bank for Reconstruction and Development, July 31, 1945 (59 Stat. 514).

Secretary of the Treasury (British loan), July 15, 1946 (60 Stat. 535).

Farmers Home Administration:
1. Farm Tenant Mortgage Insurance Fund, August 14, 1946 (60 Stat. 1078).

2. Farm housing loans, July 15, 1940 (63 Stat. 438).

Economic Cooperation Administration:
1. General foreign aid loans, April 3, 1948 (62 Stat. 146).

2. Loan to Spain, September 6, 1950 (64 Stat. 758).

3. Loan to India, June 15, 1951 (65 Stat. 70).

Urban Renewal Administration, July 15, 1949 (63 Stat. 415).

Veterans' Administration (direct housing loans), April 20, 1950 (64 Stat. 77).

Housing and Home Finance Agency (college housing loans), April 20, 1950 (64 Stat. 78).

Federal Savings and Loan Insurance Corporation, June 27, 1950 (64 Stat. 259).

Agencies administering expansion programs under Defense Production Act, September 8, 1950 (64 Stat. 802).

Federal Civil Defense Administration, January 12, 1951 (64 Stat. 1257).

St. Lawrence Seaway Development Corporation, May 13, 1954 (68 Stat. 95).

Community Facilities Administration (public facilities), August 11, 1955 (69 Stat. 643).

International Finance Corporation, August 11, 1955 (69 Stat. 670).

U.S. Information Agency, July 18, 1956 (70 Stat. 563).

Federal Flood Insurance Administration, August 7, 1956 (70 Stat. 1084).

International Monetary Fund, July 31, 1945 (59 Stat. 514).

Mr. DOUGLAS. In addition, I also submit for the RECORD a list of legislation dealing with expenditures for veterans which might never have passed Congress if the principle of the amendment of the Senator from Virginia had been always used in the past. I ask that that statement may also be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

1. Grants for specially equipped automobiles for disabled veterans.
2. Compensation for service-connected disabilities for veterans of the Spanish American War, World War I, World War II and the Korean conflict, and peacetime service.
3. Compensation for nonservice-connected disabilities, World War I, World War II, and Korean conflict.
4. Hospitalization service for certain veterans of any war or peacetime service.
5. Domiciliary car service for certain veterans of any war or peacetime.
6. Outpatient medical treatment for veterans of any war or peacetime service.
7. Outpatient dental treatment.
8. Provide feeding or treatment in the use of prosthetics for veterans of any war or peacetime service.
9. Free medical examination in connection with applications of other Federal benefits.
10. Furnishing, repairing or replacing certain aids for blind veterans entitled to service-connected benefits.
11. GI bill education and training benefits for veterans of World War II and Korea.
12. Vocational rehabilitation for disabled veterans.
13. War orphan education assistance program for children of certain disabled veterans.
14. GI loan program.
15. Direct loan program.
16. Grants of assistance for specially adapted wheelchair homes.
17. Unemployment compensation benefits furnished veterans of World War II and Korea, administered by Department of Labor.
18. Mustering out payment of World War II and Korean veterans, administered by the Service Department.
19. Guarantee of premiums of commercial life insurance for any person now on active duty.
20. GI life insurance for veterans.
21. Dependency and indemnity compensation for service-connected debts on or after January 1957.

22. Compensation for service-connected debts prior to January 1957.

23. Compensation for nonservice-connected debts of wives and children of veterans.

24. Reimbursement of burial expenses not to exceed \$150.

25. Furnishing burial flags to the veteran's survivor.

26. Six months' death gratuity for survivors who died on active duty, administered by Service Department.

27. Furnishing the headstone or grave marker, administered by Department of the Army.

28. Burial of veterans and immediate members of their families in national cemetery, administered by Department of Army and Interior.

Mr. DOUGLAS. Mr. President, I would now like to argue the substance of the amendments offered by the Senator from Virginia, and not confine myself to precedents. Before I do so, however, it is very interesting to note that some of those present have allowed some of these precedents to continue to exist and have not objected to them. But when a measure is introduced which would try to help the unemployed of our country, they object to this method of government finance. That is very significant. If these people wish to be consistent, then let them introduce bills to do away with all these precedents. However, that has not been done.

Let us now turn to the question of the arguments in the case. In considering this bill we must distinguish between current expenditures and investments. This is also a crucial distinction which every private business observes. Current expenditures are those which keep the business running to carry out current activities. They are expenditures for wages, for raw materials, for depreciation, for taxes, and so forth.

In addition to these expenditures, there are investments made to increase the productivity capacity or the earnings of the concern in the future.

Current expenditures should be met, of course, out of current revenues. However, there is no requirement that investments and increases in the capital assets of a private concern must be met out of current income. In public utility financing the common procedure is for the public utility to issue bonds, which will permit the construction of new plants. And, in certain cases the improvement of existing plants is similarly financed.

This has been the prevailing business practice, although it is true that in recent years manufacturing firms have been financing expansion to a further degree out of net profits. However, the basic distinction in accounting, which should always be drawn, is between current expenditures and investment or capital expenditure.

In our Federal budget, it is true that we have not always observed this distinction. As a matter of fact, we normally do not do so. I believe this is an error in Federal financing. The present accounting procedure leads to an exaggeration of the indebtedness of the Federal Government. The Committee on Government Operations of the House has published a table which shows the

assets of the Federal Government in terms of original cost, not reproduction cost; not market value, but original cost. This table indicates that the assets of the Federal Government are approximately equal to the outstanding national debt, and that there is, therefore, no net indebtedness of the Federal Government. If we were to use the reproduction costs or current market values as the basis for valuation, I am confident that the assets of the Federal Government would exceed the outstanding obligations.

Let me point out that this principle is precisely the principle incorporated in the pending bill in its present form. Current expenditures are to be met by appropriations. Capital investments are to be met by direct borrowing. The Federal Government is to lend \$300 million to private concerns and to local groups for capital investment. In the case of private concerns, the loans will be used for plant and buildings, up to a certain percentage of the cost, plus, in rare cases, for machinery and equipment.

In the case of the public facility loans, they will be used, as I have said, for facilities for industrial and commercial purposes, such as industrial water and industrial parks. These will be income-yielding or income-generating projects.

As a matter of fact, the amounts loaned will have to be repaid within 25 years, so far as the industrial and rural private loans are concerned, and repaid with interest at a rate one-half of 1 percent higher than the rate at which the Government borrows money on issues of comparable maturity. The one-half of 1 percent loading is intended to meet the administrative cost of making loans and cover losses, and in my judgment it will be adequate.

So we are confident that there will be no loss of capital on the part of the Government. The money which is borrowed will be reloaned at a higher rate of interest. Therefore, I see no reason why we should go to the antiquated system of accounting which would require capital investments to be financed out of the current tax revenues of the Federal Government.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. BUSH. That is where the original money comes from; is it not?

Mr. DOUGLAS. No; it comes from the money market; from investment funds in the capital markets.

Mr. BUSH. Does the Senator mean that the Treasury does not get its money from the taxpayers?

Mr. DOUGLAS. In this case the Government will borrow money from the general money market and will pay the current rate of interest. It will relend the money at that current rate of interest, plus one-half of 1 percent.

Mr. BUSH. The Government will not borrow the money if it has the money. It may borrow if it is in deficit, but it will not necessarily borrow it.

Mr. DOUGLAS. No, but we can assume that the money will be borrowed.

Mr. BUSH. Is that something new to this administration?

Mr. DOUGLAS. No; I think any administration would do it.

Mr. BUSH. As I see it, the whole purpose of the amendment offered by the Senator from Virginia is to provide congressional review of this proposal once a year, when the appropriations are made for the succeeding year. I cannot see why the Senator from Illinois objects to having this kind of review year by year by the Committee on Appropriations—by Congress. After all, that is a very useful idea.

Mr. DOUGLAS. It is a useful idea if one is opposed to the measure.

Mr. BUSH. No. I think the measure will work just as well one way as the other.

Mr. DOUGLAS. Under the bill, Congress will have ample opportunity to review. Under section 9(b), the Administrator will be required to prepare and submit annually a budget program in accordance with sections 102, 103, and 104 of the Government Corporations Control Act. This will require the submission, as a part of the President's annual budget, of complete information about the Administrator's financial activities.

Furthermore, the Committee on Banking and Currency will have the duty to watch over the activities of the Administrator.

Finally, a new section 27 was inserted in the bill. The Senator from Connecticut gave valuable service in helping on this change. This section requires the Senate Committee on Banking and Currency to make a complete review of the act after it has been in operation for 2 years; to report to the Senate on its review; and to make such recommendations as the committee deems desirable. So there is full provision for review, but there is no provision for electrocution.

Mr. BUSH. There is a provision for one review, and it is in the bill.

Mr. DOUGLAS. There is a continuing review under the various provisions of the bill.

Mr. BUSH. I am glad the Senator from Illinois acknowledges my help, together with that of the Senator from Wisconsin [Mr. PROXMIRE], in getting that provision into the bill.

Mr. DOUGLAS. Yes; that is correct.

Mr. BUSH. What the Senator is talking about is an annual review by the Committees on Appropriations, by the Senate, and by the House of Representatives. That is all. That is what happens with our defense appropriations and with almost all of the other big appropriations.

I hope the Senator from Illinois will yield to us on this point. He may get some support for the bill if he will yield.

Mr. DOUGLAS. In other words, if I agree to kill the bill, the Senator from Connecticut will support it. Is that correct?

Mr. BUSH. I do not agree this amendment would kill the bill. With this and a few other amendments, I might well vote for it.

Mr. DOUGLAS. I understand the purpose of the Senator from Connecticut. I do not intend to be beguiled in this fashion.

There is another factor which needs to be considered, if the financing of the program is to be reviewed by the Committee on Appropriations each year. The Secretary of Commerce will now be in charge of the bill. He will not have the opportunity to prepare a thorough program, because he will not know what will happen in the future in regard to financing. This is a continuing program. The applications for loans will go through many stages, and an application started in one year cannot be concluded, frequently, until another year. We will be putting a bludgeon over the head of the Secretary of Commerce and the Administrator, with the result that at any moment the program could be called off. By such an amendment, we would virtually prohibit any efficient long-range program.

Furthermore, this amendment, if adopted, could lead to excessive commitments. The Secretary of Commerce and the Administrator, as the year draws to a close, and they face the prospect of their appearance before the Committee on Appropriations, will say, "let us get rid of this money as quickly as we can, because nobody knows when the iceman cometh," so we might find them making all kinds of commitments which, if they had a longer time in which to consider the matter, they would not approve.

Mr. BUSH. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I am glad to yield to the distinguished Senator from Connecticut, who is always amiable, and who is now as slender of girth as when he played on the Yale baseball team years ago—

Mr. BUSH. The Senator from Illinois has a wonderful memory.

Mr. DOUGLAS. I remember admiring the Senator when he was a college student. He was not only a good baseball player, but a fine singer and his rendition of the "Whiffenpoof Song" touches all hearts.

Mr. BUSH. I am embarrassed among all these visitors.

Some of us look upon this program as a rather experimental program. The Senator from Illinois speaks of it as though it were as well established as the college loan program and some other programs which have been in force and effect for a good many years and have proven themselves to be satisfactory.

I think one of the best arguments for the amendment of the Senator from Virginia is that this is definitely an experimental program. It is different from anything we have ever done in the history of Congress. It is quite different, even, than the Small Business Administration. It is really a great adventure, and it may turn out to be a very useful one.

Mr. DOUGLAS. Not if the Senator from Connecticut can help it.

Mr. BUSH. Wait a minute. The Senator from Illinois must not say things like that, because the Senator does not know whether I will vote for the bill or not. I told the Senator in committee that if he was reasonable about some amendments, I might well support the bill, and I may.

Mr. DOUGLAS. The Senator from Connecticut seems to want to cripple the bill with amendments, so that it will be unworkable.

Mr. BUSH. The Senator from Illinois must be careful not to impute any motives to me or to any other Senator. I do not impute to him anything except the highest motives.

Mr. DOUGLAS. I assume the Senator from Connecticut is acting in what he believes to be the best interest of the Nation.

Mr. BUSH. So long as it is an experimental or a sort of pilot project—and the Senator from Illinois must agree that that is what it is—why not give the Senate and the House of Representatives a chance and a duty, under the amendment offered by the Senator from Virginia, to review the act from year to year until it establishes itself as a worthy project to proceed on a revolving basis or until it has demonstrated that it simply will not work. That is my point. Why is not the Senator from Illinois willing to yield that much?

Mr. DOUGLAS. I simply ask, Why should not Congress pass on these matters? Why should we delegate this power to the Committee on Appropriations?

Mr. BUSH. No; Congress has the power.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. I hope the Senate will uphold the position taken by the Senator from Illinois, who has worked so long and arduously on the bill. He has made trips into the depressed areas of the country. He has devoted considerable time and energy, not only this year, but in the past several years, to this particular proposal. He has shown that he is willing to go halfway by accepting the amendment offered by the Senator from Arkansas. I hope that on this amendment the Senate will support the Senator from Illinois and retain the amendment in the bill.

Mr. DOUGLAS. Mr. President, I feel very much better after that very forthright statement by the distinguished majority leader.

Now I wish to make some comments to my good friend, the Senator from Connecticut, if he will permit me to do so.

Mr. BUSH. I should like to ask a question, if the Senator from Illinois will yield.

Mr. DOUGLAS. Certainly.

Mr. BUSH. Did the Senator from Illinois accept the amendment of the Senator from Arkansas? I ask the question because I was momentarily off the floor when that matter was being handled.

Mr. DOUGLAS. Yes; I accepted it.

Mr. BUSH. I congratulate the Senator.

Mr. DOUGLAS. But I wish to say that now that some of the opponents of the bill have tasted blood, they are moving in for the kill. [Laughter.]

Without drawing any analogy between human beings and sharks, let me say

that when I was in the South Pacific, I learned something about the habits of sharks. They can be swimming peacefully along; but if there is a little blood in the water, it stirs them, and they attack human beings as well as each other.

Let me say that I have shed a little blood, here on the floor, by accepting the amendment of the Senator from Arkansas; and now there is blood on the carpet, and it has excited the opponents of the bill, and is giving them a great sense of victory, and they are moving in for the kill. I felt all along that was the case, until the Senator from Montana [Mr. MANSFIELD] came to my rescue in this fashion, and made his statement which gave us the prospect of more votes.

Now I should like to reply to the Senator's statement.

Mr. BUSH. I was hoping the Senator would. [Laughter.]

Mr. DOUGLAS. Now I have to say something which all of us know, although we seldom speak about it: I refer to the bipartisan, unholy alliance which exists in this body, and also in the House of Representatives, between the conservative Republicans and the conservative Democrats of the South.

Mr. DIRKSEN. Mr. President, that is the sheerest nonsense I have ever heard spouted on the floor of the Senate. [Laughter.]

Mr. DOUGLAS. It is one of the truest statements ever made. I thought that would stir up the alliance. But that statement is true.

Mr. DIRKSEN. Mr. President, that is an untruth; and if that is a violation of the rule, I shall submit to discipline by the Senate, because we shall cite the record. This business of talking about "unholy alliances" is the sheerest "stuff." [Laughter.]

Mr. DOUGLAS. No, it was well stated by Mr. HALLECK, in the House of Representatives; he openly admits the fact.

Mr. President, I am ready to entertain a motion that I be compelled to take my seat; and then I shall argue the issue.

Mr. DIRKSEN. Oh, no, Mr. President; I simply let my words stand, too; and if the Senate wants to take them out, that will be all right.

Mr. DOUGLAS. Well, Mr. President, let mine stand, also.

Mr. President—

Mr. BUTLER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. BUTLER. If that is an "unholy alliance," cannot the Senator engineer a little more of it—because I think the country needs a little more of it.

Mr. DOUGLAS. Then the Senator admits that it exists, does he?

Mr. BUTLER. I admit nothing; the Senator from Illinois stated it.

Mr. DOUGLAS. But the Senator from Maryland does not deny it. After all, it is known to everyone.

Mr. BUSH. Mr. President, will the Senator from Illinois yield for a very polite question?

Mr. DOUGLAS. I should like to finish my statement.

Mr. BUSH. But I should like to ask a question before the Senator from Illinois leaves this very interesting point.

Mr. DOUGLAS. I am not going to leave it, I assure the Senator.

Mr. BUSH. I refer to the Senator's reference to "the unholy alliance."

Mr. DOUGLAS. I shall continue to refer to it in that fashion.

Mr. BUSH. Will the Senator from Illinois yield for a question?

Mr. DOUGLAS. Yes.

Mr. BUSH. Suppose it did exist—although I am not a member of it, and I do not know anyone who is—but suppose it did exist: Why does the Senator from Illinois call it unholy?

Mr. DOUGLAS. Because it is a combination of the conservative elements of both parties, which is seeking to prevent the consummation into law of the will of the people as registered in the presidential elections.

Mr. BUSH. Does the Senator from Illinois mean that it was registered recently by an overwhelming vote? [Laughter.]

Mr. DOUGLAS. Well, the only way we have to decide matters of this sort is by majority vote. This year, the majority was not as large as I would have liked it to have been; but in 1948 it was larger; and in 1944 it was very much larger; and in 1940 it was larger. But ever since 1938, this alliance—holy or unholy—has dominated the Senate and has dominated the House; and this alliance is opposing this bill, today. There is no use denying it. Why do we as Senators deny what everyone knows to be true?

Mr. CAPEHART. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Of course.

Mr. CAPEHART. I wish to ask which part of the "alliance"—the conservative Republicans, or the conservative Democrats—is "unholy." [Laughter.]

Mr. DOUGLAS. It is the chemical combination. Although individually they may be very fine persons, when they are put together they have a chemical effect which is not good; and the Senator from Indiana is well aware of the nature of such chemical combinations—in other words, two chemicals which are very beneficial can, when mixed together, have a final result which is very adverse.

So although I would say that individually these persons are very fine gentlemen, and all of us like them as friends—for instance, I like my colleague from Illinois, and we get along personally very well, although we seldom agree. But when we return home, we do not attack each other; and I am ready now to display my friendship. In fact, to demonstrate it, I now shake him by the hand. [Laughter.]

But, Mr. President, I say that when these two groups join together as they commonly do they threaten the enactment of legislation which the vast majority of the American people vote for when the Presidency is at stake.

Mr. CAPEHART. Would it be an "unholy alliance" if we on this side of the aisle were to line up with you liberals? That would not be an "unholy alliance," would it? [Laughter.]

Mr. DOUGLAS. I would say it would be the beginning of virtue; and "while the lamp holds out to burn, the vilest sinner may return."

Mr. CAPEHART. That is a typical remark by an extreme liberal.

Mr. DOUGLAS. Oh, I am a very moderate man.

I argued to the Fulbright amendment at the request of the Department of Commerce—in order to obtain agreement and harmony. But, as I said, the sight and the taste of blood have excited a desire to kill this bill by means of crippling amendments.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. First, I should like to finish my comment, because we have lost sight of it.

Mr. WILLIAMS of Delaware. Yes.

Mr. DOUGLAS. I was going to say that the Appropriations Committee serves as a magnet to draw together a very large proportion of the members of this unholy alliance; and the members of the alliance are stronger in the Appropriations Committee than they are on the floor of the Senate. When I make that statement, it is not a reflection on any individual member. Of course, I know that many members of the Appropriations Committee, such as the distinguished Senator from West Virginia, are not members of this alliance in any respect. Many of those who are members of the alliance—in fact, all the members of the alliance—are individually very fine persons; and there is no reflection on them, personally. But the Appropriations Committee is one of the strongholds of the alliance; it is one of their castles; and they are saying, "Put the fair maiden into this secret recess, separate her from the light of day, and let murder or worse things be committed upon her."

Now I yield to the Senator from Delaware. [Laughter.]

Mr. WILLIAMS of Delaware. It is my understanding that in the recent election President Kennedy endorsed the reelection to the Senate of every southern Senator on the Democratic ticket, and strongly supported all of them. In fact, can the Senator from Illinois name one member of the conservative Democratic group, either in the South or in the North, who was not supported by Mr. Kennedy in the recent election?

Mr. DOUGLAS. I think the President was more cooperative than many of those candidates were, but I think in many cases it was an unrequited affection. In fact, that has been our experience: We lavish affection and help on our southern brethren, but it is not always returned. I do not know how much longer we should do it. We live in hope, but our hopes are always dashed.

Mr. WILLIAMS of Delaware. Will the Senator from Illinois admit that every Member of the Senate who comes from the South and who was seeking reelection in the last election was supported by Mr. Kennedy?

Mr. McCLELLAN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. McCLELLAN. Is the "unholy alliance" the group of which the Senator from Illinois speaks when he refers to lavishing affection on the southerners?

Mr. DOUGLAS. I say it is an alliance of persons of the two parties who, although basically good, form a chemical combination which is adverse.

Mr. McCLELLAN. Does the Senator from Illinois mean that he lavishes affection when he charges the existence of an "unholy alliance"? [Laughter.]

Mr. DOUGLAS. I lavish all kinds of affection on them, individually.

Mr. McCLELLAN. If that is affection, I do not want the Senator from Illinois to love me. [Laughter.]

Mr. DOUGLAS. Mr. President, in spite of being spurned by the Senator from Arkansas, let me say that I still have affection for him.

Mr. McCLELLAN. Mr. President, I repeat that under such circumstances I do not want the Senator from Illinois to love me.

Mr. DOUGLAS. Mr. President, even though the Senator slaps me on one cheek, I will turn the other. Even though he will not walk with me the first mile, I will walk with him the second. Even though he takes my coat from me, I will give him my cloak.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes.

Mr. McCLELLAN. The Senator from Illinois is about to join the "unholy alliance," if he keeps walking. [Laughter.]

Mr. DOUGLAS. Mr. President, I do not wish to see this bill confined to the mercies of the Appropriation Committee each year, and I hope very much this amendment will be defeated. Very frankly, if the amendment is agreed to, we shall have to consider whether or not we will go on with the bill, or whether, perhaps, it will not be better for it to be withdrawn.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Does the Senator yield time from the time allotted to him in order to have a quorum call?

Mr. DOUGLAS. I think, technically, under the rules, it should be charged to me. If my good friend and colleague [Mr. DIRKSEN] is willing to share the time with me, I will appreciate it. I do not ask for it; I merely make that suggestion.

Mr. DIRKSEN. Yes, Mr. President; I may resort to the same procedure after a while. So I suggest that we have a quorum call, not to be charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

Mr. BUSH. Mr. President—

Mr. DIRKSEN. Mr. President, if the Senator will yield, in order to keep the proceedings in order, I point out that the Senator from Virginia [Mr. ROBERTSON] is momentarily off the floor. Normally, the time would come under my control. I shall be glad to yield such time as the Senator from Connecticut wishes. I take it he is in favor of the amendment.

Mr. BUSH. I am for the amendment.

Mr. DIRKSEN. I yield the Senator from Connecticut 10 minutes.

Mr. BUSH. Mr. President, after all these unkind remarks, and I am sure the senior Senator from Illinois means all these unkind remarks very kindly, he should be reminded that those of us who are supporting the amendment of the distinguished Senator from Virginia are also supporting the administration's bill. We are supporting President Kennedy in his message to the House of Representatives, when he told them what he wanted in this part of the bill. He wanted to eliminate back-door financing, and to return to the appropriation process. So in this "unholy alliance" the Senator is talking about, we are only supporting the President of the United States on the New Frontier.

Mr. DOUGLAS. Mr. President, I am very glad that there has just hurried into the Chamber the distinguished senior Senator from Minnesota [Mr. HUMPHREY], the majority whip, who has a message which, in language of the Napoleonic wars, comes, I think, from the horse's mouth; and I think he can state what the attitude of the White House is on the question of financing either by annual appropriations, as the Senator from Connecticut is advocating, or by Treasury issue.

I may say that I am somewhat startled to find the Senator from Connecticut has suddenly become a great defender of the President of the United States. This is really like a Confederate putting on a Federal uniform and coming across the lines.

Mr. BUSH. It is exactly the reverse, I say to the Senator. Nevertheless, I ask the Senator if I am not correct in what I stated about the wishes of the President of the United States in respect to the proposal.

Mr. DOUGLAS. May I have permission to yield to the Senator from Minnesota?

Mr. BUSH. I have the floor.

Mr. DOUGLAS. I beg the Senator's pardon.

Mr. BUSH. I shall be glad to yield to the Senator from Minnesota if he desires to have me do so. Otherwise, I shall be glad to yield the floor and let the Senator seek it in his own right.

I do so, Mr. President. I yield back whatever time I have remaining from the time allotted.

Mr. HUMPHREY. Mr. President—

The PRESIDING OFFICER. Is time yielded to the Senator from Minnesota?

Mr. BUSH. I was yielded as much time as needed.

Mr. DOUGLAS. Mr. President, I am glad to yield time to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I think the issue is not, particularly, what

the President may have indicated to the Senator from Connecticut or to the Senator from Minnesota. The real issue is, Which is the better way to proceed? In other words, what kind of program would we like for area redevelopment? How do we wish to initiate the program in order to give it the impetus and the impact which is needed?

Mr. BUSH. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. BUSH. The Senator was not in the Chamber when his good friend on his right accused me and other Senators of being in an unholy alliance with certain Members of his party. I rose a moment ago to remind the Senator that the so-called unholy alliance, which is in fact not an alliance at all—nevertheless, what the Senator thinks of as such—was only supporting the new President of the United States in respect to the particular issue.

Mr. HUMPHREY. When the Senator speaks of an unholy alliance I say that I require no religious test on any of these political issues. I do not wish to invoke the Deity, nor do I wish to try to claim any amoral purposes in whatever arrangements may be reached.

I merely say that the administration has made it quite clear it would prefer to have—I have said this to the Senator from Illinois [Mr. DOUGLAS]—the administrative establishment of a new agency within the Department of Commerce. The administration has made it equally clear, in order to expedite the operation of the area redevelopment program, that it would be preferable to have what is called Treasury financing.

We run into problems in connection with the desires of those in the other body. Those who serve in the other body are concerned about appropriations to take care of the programs of investments, loans, and grants.

On the subject of grants, there is no doubt that the appropriation process should be followed. In the bill there is a provision for slightly in excess of \$90 million of grants, and that should be provided by the appropriation process. It is so provided in the Senate bill.

With respect to repayable loans, which are not grants, but good, solid investments, of exactly the same type as loans of the Development Loan Fund or of the highly successful Reconstruction Finance Corporation, it seems to me the sensible method is what we call Treasury financing, so that the programs may get underway without undue delay.

I state for the record that if the Senate will pass a bill which will provide for administration of the bill within the general confines of the Department of Commerce—and I understand the Senator from Illinois has accepted that proposal—and at the same time provide for Treasury financing, the administration will find it very much to its liking, very much in accordance with its desires, and it will be found to meet the requirements of sound legislation.

I do not come to the floor of the Senate to speak for the President of the United States. I deplore that sort of thing. That was done in the other administration, and every so often a tele-

phone call would come in at about the time some Member thought he was speaking for the President, and there would be a change of signals. I am not that fleet footed.

I have been involved in the legislative conferences which have been held in regard to the bill, and I can say with absolute conviction and sincerity that the proposal now being advanced by the Senator from Illinois, in respect to which he has made the concession relating to the administration of the measure, with Treasury financing, is considered by the administration to be sound, workable, and within the general program of the President.

Mr. BENNETT. Mr. President, will the junior Senator from Illinois yield me 2 minutes?

Mr. DIRKSEN. I shall be glad to do so, if I may have the permission of the distinguished Senator from Virginia.

Mr. ROBERTSON. I yield to the Senator.

Mr. DIRKSEN. I am glad to yield 5 minutes to the Senator.

Mr. BENNETT. The Senator from Utah wishes to express his surprise and shock upon hearing the senior Senator from Illinois say that if a proposal for Treasury financing should fail, or if the Robertson amendment should be agreed to, the Senator would seriously consider whether the bill itself should be withdrawn. This to me indicates that the basic purpose of the bill must not have very much foundation, if as an expression of lack of faith in the appropriations process and the Senate Appropriations Committee the Senator would rather see the bill as a whole go by the board.

The normal program of financing Government operations is through the appropriations process. I can understand that there are those who believe this proposal would be an improvement on it, but the Senator from Utah cannot believe that to return to a normal program would be so serious as to justify the killing of the bill.

I should be delighted if the bill were killed, as the Senator from Illinois knows. I opposed the bill in the committee. I oppose it now. However, with respect to this bill or any similar proposal, I have consistently taken the position taken by the Senator from Virginia, that backdoor Treasury financing is a departure from the normal—and I think the appropriate—method of financing Federal programs and operations.

I hope Senators will support the amendments offered by the Senator from Virginia. If they are agreed to, I shall be interested to see whether the Senator from Illinois then will move that the bill be tabled or returned to the committee.

Mr. DOUGLAS. Mr. President, will the Senator yield to me, on my own time?

Mr. BENNETT. I yield.

Mr. DOUGLAS. The Senator from Utah was not in the Chamber when the Senator from Illinois made his argument, though he is doubtless familiar with the contentions I advanced.

Instead of this being a new method, there are over 30 specific precedents for it. In addition, I pointed out that a distinction must be drawn between current expenditures and capital investments. Current expenditures certainly should be met out of annual appropriations, but capital investments need not, and in my opinion should not, be met in that way. The practice of public utilities is to finance capital investments by bond issues and borrowing.

In this particular instance what we are seeking to do is to lend money from three revolving funds totaling \$300 million. The program involves investments.

The rate of interest will be in excess of the rate which the Government has to pay for its borrowings.

I see no reason why the program should be financed by annual appropriations.

In my characteristically undiplomatic fashion, I mentioned that such a procedure would consign to the Appropriations Committee, the decision over whether the program should continue. This committee, I said, served as a magnet to attract the more conservative members of both parties. I would prefer to have the issue settled by the Senate as a whole and by the House of Representatives as a whole, rather than to have the maiden invited into the dark chamber amongst a group containing very few of her friends.

Mr. BENNETT. This is a very interesting word picture of the Senate Committee on Appropriations.

Mr. DOUGLAS. No.

Mr. BENNETT. That committee is headed by the dean of the Senate, the Senator from Arizona [Mr. HAYDEN].

Mr. DOUGLAS. The Senator from Utah was not in the Chamber when I said, furthermore, that the Committee on Appropriations was like a chemical compound in which elements extremely good individually, when combined, have a deleterious effect. There is no reflection upon any individual; it is merely a statement that the chemical combination is not too beneficial for ideas such as these.

Mr. BENNETT. The fact that the Senate has made similar mistakes earlier with respect to other programs does not convince the Senator from Utah that this kind of back-door financing should continue.

I should like to make another brief observation. The Treasury of the United States is in debt nearly \$300 billion, so there is no reserve from which to lend the proposed funds. The Treasury must borrow them or add to the deficit. Presumably, if the funds go through the appropriation process, there is an opportunity to measure their relative value compared to other programs in the Government; and while I admit that this barrier is easily breached, I think there would be more likely to be responsible administration of the funds in such a process than there would be if the door were opened and the man who was responsible for the administration of the program were permitted to call up the Secretary of the Treasury and say, "I need more money."

Mr. DOUGLAS. Mr. President, if I may reply to the Senator from Utah on my time, let me say first that he was not in the Chamber when I pointed out that if we took into account the assets which the Federal Government has on the basis of original costs, those are approximately equal to the total amount of the national debt, and if we consider market value, it would be in excess of the national debt. So the picture of the Federal Government being bankrupt is completely beside the point and unfounded.

Furthermore, I am interested in the fact that in 1957 a similar issue was raised in connection with the Development Loan Fund, and the distinguished Senator from Oregon [Mr. MORSE] offered an amendment to delete the borrowing authority from the bill and substitute annual appropriations.

I note with much interest that the distinguished Senator from Utah [Mr. BENNETT] voted "nay" on that measure and voted to maintain the borrowing authority. Apparently the Senator from Utah thinks it is all right to have—

The PRESIDING OFFICER. The 5 minutes allotted to the Senator from Utah has expired.

Mr. DOUGLAS. I asked to have the time charged to me.

Mr. BENNETT. The Senator from Illinois has been talking on his own time.

The PRESIDING OFFICER. The Senator is correct. Originally, the time was charged to the Senator from Utah.

Mr. DOUGLAS. I ask that any time I have taken be charged to me. I shall finish the sentence. Apparently the Senator from Utah thought it was all right to have Treasury financing to help people abroad, but wrong to have Treasury financing to help people at home. To my mind, a common principle should run through both operations. I am very happy to say that I voted against the Morse amendment, as did the Senator from Utah. My only regret is that he has changed his position in the meantime.

Mr. BENNETT. The Senator from Utah would like to offer a deal to the Senator from Illinois—

Mr. DOUGLAS. No; I do not make deals.

Mr. BENNETT. In view of the fact that I voted in favor of his position the last time, I propose that he vote for my position this time.

Mr. DOUGLAS. No; I believe in being consistent.

Mr. DIRKSEN. Mr. President, on the amendment I ask for the yeas and nays. The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be not charged to either side under the provisions of the unanimous consent agreement.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, in conformity with the suggestion of the distinguished Senator from Virginia [Mr. ROBERTSON] I feel at liberty to allot 5 minutes to the distinguished Senator from Ohio on behalf of the pending amendment.

Mr. ROBERTSON. I have no objection.

Mr. LAUSCHE. Mr. President, I will support the amendment offered by the Senator from Virginia. I do so on the basis that the proposal he makes is right. Over and above that, I do so because the President of the United States has clearly, with reference to the bill, indicated how he wanted the financing to be arranged.

Mention has been made of an unholy alliance today. That statement practically declares that the President is a part of the unholy alliance, because he has clearly stated in the bill which he submitted to the House of Representatives that the financing shall not be done through the back door. I take it that the President of the United States has weighed the subject of back-door financing. My belief is that he has concluded that in order to avoid the censure of the public for heavy spending and huge taxing, resort has frequently been made to the method of back-door financing rather than by way of appropriations made each year as recommended by the Appropriations Committees. I repeat that the President of the United States, in effect, has declared to the proponents of the measure that he does not agree with the back-door-financing method.

Let us take a look at the bill which the President submitted to the House. I read from it:

AREA REDEVELOPMENT FUND

SEC. 9. (a) There is hereby authorized to be established in the Treasury of the United States an area redevelopment fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the payment of all obligations and expenditures arising from the purchase of evidences of indebtedness and loans authorized under sections 6 and 7.

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$300,000,000.

That is the view of the President. Along come the proponents of the pending measure, which includes back-door financing, and they state to the people of the country that the President is wrong, that the financing should not be done in the normal way of appropriations, but should be done in their way, through the back door.

I would feel rather defenseless if I stood here arrayed against the proponents of the bill if I did not have on my side the definite view of the President.

I should like to know, as we continue our debates during this session, how frequently we are going to reject this sound method of running public financing and substitute therefor what in my opinion

has properly been labeled as going in the back door and out the back door, thereby avoiding the sunlight of Appropriations Committees, and thus not letting the public know what is happening. The bill from which I have read was submitted to the House. It is the President's bill. I believe we ought to follow it, not only because the present item is involved, but because of the grave implications it has upon all our operations.

The Senator from Connecticut [Mr. BUSH] made the statement that this is a pilot bill; it is a test. That is another reason why, in my opinion, we ought to support the amendment. It has been said that if this amendment shall be agreed to, the bill will be killed. I ask Senators who argue in that way, Did the President submit a bill containing provisions which in themselves carried the seed of destruction? Of course, he did not. He believed the recommendation he made was in the interest of the people of the United States, and he recommended, therefore, that each year appropriations be made to support the finances needed to make the law effective.

I have no qualms about my position in this matter.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. May I have 1 more minute?

Mr. ROBERTSON. I yield an additional minute to the Senator from Ohio.

Mr. LAUSCHE. Arguments will be made that the bill is to provide work for the unemployed. Certainly, we want to do that; but even on that score, I am of the opinion that there is a great deal of deception in what is proposed. From my standpoint, we ought to begin early in stopping this indefensible practice of back-door financing, and adopting a course which will be open to the eyes and the ears of the people of the country each year when we discuss the subject.

Mr. DIRKSEN. Mr. President, will the distinguished Senator from Virginia yield me 10 minutes?

Mr. ROBERTSON. I yield 10 minutes to the distinguished Senator from Illinois.

Mr. DIRKSEN. This has been a prolonged discussion. I do not know that it has always been interesting and edifying. We have listened to an interesting mixture of Shakespeare and Scripture. We have heard a lecture on the "unholy alliance." I never knew that such an alliance, holy or unholy, ever existed, notwithstanding the professions of my distinguished colleague from Illinois [Mr. DOUGLAS]. I have yet to see the time when there has been formalized, on the floor or off the floor, a meeting of Senators on this side of the aisle and a meeting of Senators on that side of the aisle. The term "alliance" is now used instead of the old, hackneyed phrase "coalition." But whether either one is used, it presupposes some concerted action, and that is derived from the fact that either we see eye to eye with some of our distinguished colleagues on the other side of the aisle, or they see eye to eye with us. However, we can only draw the inference that there is

an unholy alliance or that there is a coalition. I have said before, and I shall repeat it, that I reject that kind of inference on every possible kind of occasion.

I do not know what is said in the other body, but I do know what the statement is in this body. I think it is something of an affront to the Senate. I think it is a reflection upon the Senate and upon its public integrity to go around mouth-ing the terms "coalition" and "unholy alliance." I mean to raise my voice against it on every possible occasion. If anyone is willing to stand anywhere and bring a single iota of truth, of documentation, or of fact, to substantiate it, I am ready to withdraw everything I have said about it this afternoon.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. DOUGLAS. I shall be very glad to submit yea-and-nay votes on economic measures and on antifilibuster proposals indicating the degree to which the dominant group on the Senator's side of the aisle and the Southern conservative group on this side of the aisle think alike and work alike; two souls with but a single thought; two groups with but a single thought; two groups that think as one.

Mr. DIRKSEN. That is the most transparent deception I can think of. Simply because the Senator from Virginia [Mr. BYRD] and I vote on the same side of an issue, that is supposed to constitute an alliance; or if I vote on the same side of a question with the distinguished Senator from Rhode Island [Mr. PASTORE], that is supposed to constitute an unholy and concerted action, one which was premeditated. A yea-and-nay vote will mean nothing except that Senators see through their own eyes what the issue is, and then determine how they will vote.

Mr. KEATING. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. KEATING. I am indeed happy that the distinguished minority leader has tried to lay to rest the allegations about interparty alliances and coalitions which control the Congress. I often find myself in agreement with the Senator from Illinois [Mr. DOUGLAS] on issues affecting the right of our citizens, but on this issue and on many others, where the fundamental appropriating powers of Congress are at stake, I stand foursquare with the distinguished Senator from Virginia [Mr. ROBERTSON] and with the distinguished minority leader. We must never attempt to fool the American people about how we get the money to do things which we want the Government to do. That does not mean that this Senator is a part of any unholy alliance or coalition. On this issue, I happen to agree with the Senator from Virginia.

Mr. DIRKSEN. Mr. President, I wish to pose the issue for the Senate. We are considering the amendment of the distinguished Senator from Virginia [Mr. ROBERTSON], who is the chairman of the Committee on Banking and Currency. What he proposes to do is to close the

back door to the Treasury and require the appropriation process in dealing with the loan money in the pending bill. The Constitution is very clear. It reads:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

That does not say "loan." It is not a current expenditure. The Constitution does not talk about a capital investment. The Constitution provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

All that the distinguished Senator from Virginia seeks to do is to give Congress, through its Committees on Appropriations, an opportunity to take a look.

Arguments have been made in derogation of the Committees on Appropriations. Prior to 1921, every committee recommended appropriations for its own measures. In that year Congress passed the Budget and Accounting Act. It has worked well. I prize my service on the Committee on Appropriations, both in the House and in the Senate. Both committees worked diligently in the interest of a sound economy, of fiscal responsibility, and the solvency of the Republic.

I was proud of every member of those committees, on both sides of the aisle, and equally proud of my own service.

So get the issue, and get it straight. Shall the money be dispensed by the backdoor method, or shall it be according to the appropriation process? That is what is involved in the amendment. That is all I have to say on the subject.

Mr. ROBERTSON. Mr. President, the Senator from Illinois is most correct. These are not minor items which we are drawing from the Treasury. Thirty-three billion dollars are now outstanding, drawn from the Treasury in this manner.

Mr. DOUGLAS. Mr. President, before I yield to the distinguished Senator from Montana, I may say that I have listened with great interest to the statement of my friend and colleague from Illinois [Mr. DIRKSEN], in which he denies that there is any alliance, holy or unholy, between the conservative Republicans and the conservative Democrats. I know he will forgive me if I say that his statement reminds me of a passage in "Macbeth." I know that he, as a Shakespearean student, is familiar with it. It is the passage in which Lady Macbeth after killing the King of Scotland is walking in her sleep and rubbing her hands together, stained with blood, and saying, "Out, out, damned spot."

Mr. DIRKSEN. The Senator has beat me to it. I thought of that when he was talking about blood on the carpet. I thought: "Out, damned spot."

Mr. DOUGLAS. The Senator knows what follows which is very appropriate:

All the perfumes of Arabia will not sweeten this little hand.

I say that all the perfume of the oratory of my friend and colleague cannot wash away the fact that the yeand-nay votes on vital measures which concern conservative Republicans and

conservative Democrats are virtually identical.

Mr. DIRKSEN. How many times did my distinguished colleague from Illinois, when the civil rights bill was before this body, sit down in concert with Senators on this side of the aisle who saw eye to eye with him, and avoid Senators on his side of the aisle who did not see eye to eye with him? He did not talk with them, did he? Would the Senator say that that was an unholy alliance? Was that an unholy, concerted action?

Mr. DOUGLAS. There is a gallant band of Republicans, undoubtedly small in number, who upon occasion vote with us. To paraphrase a line from the poem *About Ben Adhem*:

May their tribe increase.

Mr. DIRKSEN. To refer again to Scripture, it is said that the Devil can cite Scripture.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DIRKSEN. Mr. President, I do not intend to take on all these classical scholars, but I yield to the Senator from Minnesota.

Mr. HUMPHREY. I am certain the Senator meant no reference to his colleague from Illinois, because his colleague was not quoting Scripture; he was quoting Shakespeare; and there is a difference.

Mr. DIRKSEN. Oh, yes; Lady Macbeth does not appear in the Scriptures, as far as I know.

Mr. HUMPHREY. I am glad to be reassured. [Laughter.]

Mr. BENNETT. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. BENNETT. It seems to me the debate has now reached a point where we are discussing who is "holier than thou" and who is "unholier than thou."

Mr. DOUGLAS. Mr. President, at this time I yield to the Senator from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. President, if we can digress from quoting the Scriptures and quoting Shakespeare, and if we can now get down to the matter at hand—namely, the area redevelopment bill—let me say there has been some discussion about what some persons call backdoor financing and others call Treasury financing.

There are some interesting names on a vote taken on June 14, 1957, at which time the Mutual Security Act of 1957 was under consideration, and an amendment was offered by the Senator from Oregon [Mr. MORSE] and the then Senator from Wyoming, Mr. O'Mahoney. That proposal was to do away with Treasury financing, which would have been used to establish the Development Loan Fund for the fiscal years 1959 and 1960.

From examining the rollcall, I note that the author of the amendment now pending, the Senator from Virginia [Mr. ROBERTSON], is consistent in his views; but that so far as some others are concerned—namely, the Senator from Montana, who now is speaking—although at this time he is opposed to the proposal of the Senator from Virginia [Mr.

ROBERTSON], the Senator from Montana was with the Senator from Virginia on that occasion. But let me say that consistency is not always a jewel.

Then we find, on the other side, my distinguished friend the Senator from Utah.

Mr. BENNETT. Mr. President, will the Senator from Montana yield briefly to me?

Mr. MANSFIELD. Yes, indeed.

Mr. BENNETT. The Senator from Illinois [Mr. DOUGLAS] has already pointed that out—with some glee.

Mr. MANSFIELD. I shall not do it with glee; I merely wish to point out that under certain conditions, changes do occur; that we are not always consistent in our outlook.

So I hope that without going into those facts and figures, we shall proceed to vote on the pending amendment at a reasonable time, and then shall proceed to deal with the other amendments.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, we are very much indebted to the majority leader for bringing this debate back to the issue, away from esoteric discussions of either the Scriptures or Shakespeare.

Today we are facing hard reality—namely, depressed areas; and they require effective, timely action—which means in a hurry.

Mr. President, we can argue either way in regard to the manner of providing these funds. It is well known that the present President of the United States is fully aware of the tradition of the House of Representatives, in terms of utilizing the Appropriations Committee process to obtain funds for any program of a public nature, either in terms of grants or in terms of loans. Every Member of this body knows that the other body has insisted upon the Appropriations Committee process and the appropriations acts as the means of providing funds.

When the President sent his message to the other body, on February 20—his message was addressed to the Speaker—the President sent along with it a draft bill which took into consideration the tradition of the other body to which I have referred, namely, the Appropriations Committee process, the process of providing through an appropriations bill the funds required, in this case, for the depressed areas legislation.

But, Mr. President, it is equally well understood and acknowledged that on many occasions the Senate has used what we call Treasury financing.

All names such as "unholy alliance," "holy alliance," "backdoor," or "front door" are for the newspaper headlines; but they do not contribute one bit of information to the facts of the situation; they contribute nothing to the reality with which we are faced.

Let us consider this issue. It is one of personal choice; and a Senator is neither "holy" nor "unholy" if he prefers the appropriations process. He is neither pure nor impure if he favors the process of so-called Treasury financing, which means that when the Treasury issues interest-bearing certificates to provide funds for a program that has been authorized by an act of Congress, the money will be made available, not for the purpose of gifts, but for investment purposes, for loans repayable on schedule.

Mr. DOUGLAS. And with interest.

Mr. HUMPHREY. Yes, with interest—as the Senator from Illinois indicates.

Private banks even do such things, and Congress authorizes them to do it. That is done through the credit mechanism. The banks do not obtain congressional appropriations for that purpose; they do it through a special law which was enacted by Congress.

The Congress made a provision of this sort in connection with the Reconstruction Finance Corporation; and Senators who now serve in this body voted for it.

As the majority leader has indicated, we attempted to provide for it in connection with the development loan fund. When my worthy colleagues speak of the present President of the United States and his views on the matter of area redevelopment legislation and how it should be financed, I think the record is quite clear.

In 1955, the then junior Senator from Massachusetts, Mr. Kennedy, voted for the area redevelopment bill, with Treasury financing. Not only did he vote for the bill; he handled the bill on the floor of the Senate; he was a cosponsor of it.

In 1957, he did the same thing.

In 1959, he was a sponsor, with the Senator from Illinois [Mr. DOUGLAS], of a measure similar in form to the proposed legislation the Senator from Illinois presents to us today.

Some persons may not be consistent in their records on this matter; but when the President of the United States was a Member of the Senate, he was consistent. And we are voting here in the Senate, not in the House of Representatives. We are voting on a bill which was presented to the Senate by the Senator from Illinois.

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has expired.

Mr. HUMPHREY. May I have a little more time?

Mr. DOUGLAS. Mr. President, I yield 2 additional minutes to the Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator from Illinois.

Mr. President, let me say to the junior Senator from Illinois [Mr. DIRKSEN], my good friend, the minority leader, whose speeches are always exciting to me, and always are exhilarating and entertaining, if not always illuminating and enlightening, but I find them enjoyable, and he is a staunch adversary in any discussion—that I always admire the way in which the distinguished junior Senator from Illinois can almost make

the Senate Manual look like Holy Scripture. Of course, when the Senate Manual is examined from a distance, it does have a Biblical appearance; but one should not examine it too closely if he wishes to compare it with Holy Scripture. Mr. President, I have heard Senators read from the manual of the Senate rules as if it were divine edict or holy writ. But really, Mr. President, it is not.

Then I heard the Senator from Illinois read from the Constitution; and the intonation of his voice would lead one to believe that the Founding Fathers provided not only for the appropriations process, but also for the Appropriations Committee. But they did not provide for that committee, Mr. President. They said the Congress shall appropriate moneys, but they did not say the Congress shall pass an appropriations act which shall advance through the Appropriations Committees of the House and Senate. The Constitution does not provide such a process, and I am surprised that one as learned in the law as is the distinguished minority leader should attempt to pass off a general principle as if it were specific detail. But, of course, when one is short of facts, it is better to pound the breast and to give intonation to the voice, in an endeavor to make it appear as though, somehow or other, one had the truth.

Mr. President, what is the fact which is facing us? The fact is that the Senate has the power either to accept or to reject the Robertson amendment.

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has again expired.

Mr. DOUGLAS. Mr. President, I yield 5 minutes more to the Senator from Minnesota; I yield that time from the time available on the bill.

Mr. DIRKSEN. Mr. President, I am glad to have the Senator from Minnesota proceed with his customary eloquence—because then I shall answer him. [Laughter.]

Mr. HUMPHREY. I may not take all that time, because I should like to conduct a slight brush-fire war with the minority leader. There will be no massive deterrent weapons used. It will be all with conventional weapons as we proceed to debate.

Mr. President, what we have before us is a method to finance a program that needs action. It is strange to note, and unhappy to note, that so many Senators who are so concerned about how we shall finance the bill, are not going to vote for it, and that many Senators who are concerned as to how the money is to be provided have repeatedly voted against area redevelopment bills.

They are deeply concerned about conception, but not about birth. They are deeply concerned about the pieces of the meal, but not the totality. I suggest that those of us who are interested in the nibbling process of trying to push something here, or trying to push something there, should be deeply concerned over the effectiveness of the bill and the fact that these suggestions will not contribute to the solution of the problem before us. Perhaps in Illinois everything is jolly, but in many parts of Minnesota,

this bill should have been passed in 1957. It should have been passed in 1959. We did override the veto in 1960.

President Kennedy knows full well the idea behind the legislation. He is deeply concerned about the problem involved. We need legislation with which, once it is put on the desk of the President, he may go to work.

Some Senators wanted to make sure that the Secretary of Commerce had full jurisdiction in the program. I tried to help. I think the Senator from Illinois [Mr. DOUGLAS] will agree that we adjusted the differences between the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Illinois [Mr. DOUGLAS]. Those differences have been reconciled. Secretary of Commerce Hodges has general jurisdiction and supervision of the whole program. The only question is whether we are to let him supervise something on the day the bill is signed, or whether we are to go through the authorization process and then wait for 1 month, 2 months, or 3 months, before proceeding.

Let me assure Senators that the amount provided in the bill for the people of the United States is inadequate. The amount of \$300 million is not nearly enough, but it is apparently the best anyone is willing to try for in a concerted action. Apparently it is all right talk about \$1 billion for the world, but not \$300 million in repayable loans for our own people, without getting into an argument as to how we are to produce the money.

I think the best way is for the U.S. Treasury to issue securities that are interest-bearing to provide money for the Secretary of Commerce in order to "get the show on the road" and on the way. If that is done, it will be legitimate. It will fulfill the interpretation of the Constitution, despite any other interpretation that may be made. It will fulfill the traditions of the U.S. Senate. It will fulfill the legislative pattern of the President, who, on three occasions, as a Member of the Congress, joined with the Senator from Illinois and the Senator from Minnesota in measures to provide financing in exactly the way this bill provides. So if Senators want to join those who have become recruits for the "New Frontier," at least for now, they will give a little legislative support for what the President supported when he was a Member of this body.

Mr. DIRKSEN. Mr. President, I shall take only a moment. First, I express my affection for my friend from Minnesota. I almost turned out to be a Minnesotan. When I went to school there, my whole ambition was to practice law in the city of Minneapolis, but some untoward fate steered me away from it. I would have been more enriched in spirit and morality if I had been able to carry out that ambition.

Mr. DOUGLAS. Mr. President, I protest against this indirect reflection on the State of Illinois. [Laughter.]

Mr. DIRKSEN. Mr. President, one of the finest qualities of the distinguished Senator from Minnesota is that he is never inhibited by facts or the lack of facts. He pats this great volume. But

he never read the passage I referred to, having to do with getting money from the Federal Treasury. He said I talk about it as if it were Holy Writ. Mr. President, it comes pretty close to it, because what is written in the Constitution is the framework of government and the foundation of liberty; and the Apostle Paul, if I remember correctly, once said, "Where liberty is, there is the spirit of the Lord." That is why I pat that book so reverently and also think of it as I think of Holy Writ.

My friend might have had a bill long ago, because in 1959 a bill was passed in this body by a vote of 49 to 46. It was just a little before the New Frontier. My friend could have worked on the old frontiersmen. There were plenty here. There were 65 votes on his side. And yet the bill squeezed through by a margin of three votes.

When the President vetoed the bill, the party of the Senator from Minnesota controlled the Senate, and the Senator and his party let the veto message languish for 6 solid weeks before it was called up. And when it was called up, of course, the President's action was sustained. Only 39 votes were obtained against the President of the United States.

I know my facts. [Laughter.]

I am not inhibited by a lack of facts, either, because I know what the record shows.

The Senator could have had a bill. It required no great eloquence to get it. But, no, the proponents would not meet the President of the United States, Mr. Eisenhower, halfway on the measure, in order to arrive at a good bill; and, as a result, it went down the drain.

Mr. President, I shall not discuss the subject any longer. There has been no improvement in Senate bill 1, which is about the same as the old Senate bill 722, introduced by my distinguished colleague from Illinois [Mr. DOUGLAS].

I shall offer a substitute. It will be the bill that President Eisenhower asked for within a day after he vetoed the old bill. It may be rejected, but the Senate is entitled to know now what I shall do. I shall vote against Senate bill 1, introduced by my distinguished colleague, and cosponsored by other Senators, because I cannot see it as a remedy for the problem they are trying to meet.

With that, Mr. President, I am prepared to vote.

The PRESIDING OFFICER. Does the Senator yield back the time remaining to him?

Mr. DIRKSEN. I yield back the time remaining to me, if the other side will do likewise.

Mr. DOUGLAS. I yield back the time remaining to me.

Mr. ROBERTSON. I yield back the time remaining to me.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Virginia [Mr. ROBERTSON].

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from Texas [Mr. BLAKLEY] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Arizona would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of death in his family.

The Senator from New Jersey [Mr. CASE] is necessarily absent attending the funeral of a friend in the State.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from New Mexico would vote "nay."

The result was announced—yeas 45, nays 49, as follows:

[No. 9]

YEAS—45

Aiken	Eastland	Morton
Beall	Ellender	Mundt
Bennett	Ervin	Robertson
Boggs	Fong	Russell
Bridges	Hayden	Saltonstall
Bush	Hickenlooper	Schoepfel
Butler	Holland	Scott
Byrd, Va.	Hruska	Smathers
Capehart	Jordan	Smith, Maine
Carlson	Keating	Stennis
Case, S. Dak.	Kerr	Talmadge
Cotton	Kuchel	Thurmond
Curtis	Lausche	Wiley
Dirksen	McClellan	Williams, Del.
Dworshak	Miller	Young, N. Dak.

NAYS—49

Anderson	Hartke	Monroney
Bartlett	Hickey	Morse
Bible	Hill	Moss
Burdick	Humphrey	Muskie
Byrd, W. Va.	Jackson	Neuberger
Cannon	Javits	Pastore
Carroll	Johnston	Pell
Church	Kefauver	Proxmire
Clark	Long, Mo.	Randolph
Cooper	Long, Hawaii	Smith, Mass.
Dodd	Long, La.	Sparkman
Douglas	Magnuson	Symington
Engle	Mansfield	Williams, N. J.
Fulbright	McCarthy	Yarborough
Gore	McGee	Young, Ohio
Gruening	McNamara	
Hart	Metcalf	

NOT VOTING—6

Allott	Case, N. J.	Goldwater
Blakley	Chavez	Prouty

So Mr. ROBERTSON's amendments to the committee amendment were rejected.

Mr. DOUGLAS. Mr. President, I move to reconsider the vote by which the amendments were rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table the motion to reconsider was agreed to.

Mr. HUMPHREY. Mr. President, on behalf of the distinguished Senator from New Mexico [Mr. CHAVEZ] I ask unanimous consent that a statement prepared

by him be printed in the RECORD at this point.

I also ask unanimous consent to have printed in the RECORD at this point a supplementary statement prepared by the Committee on Public Works, of which the distinguished Senator from New Mexico is chairman.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CHAVEZ

I join wholeheartedly with my colleagues in urging passage of S. 1 to relieve depressed areas. The facts on our deteriorating economic situation cannot be denied nor hidden. It is time we faced directly and clearly these troublesome truths.

A few years ago certain counties in New Mexico were classified as depressed areas by the Department of Labor because of chronic unemployment, and the number has increased considerably in recent months. There is every indication of a decline in our economy with most business indicators showing a steady economic decline.

Not too long ago I received a joint memorial from the New Mexico Legislature pointing out that 16 counties in New Mexico are considered by the legislature as chronically depressed areas, and urging our immediate assistance. Counties such as Rio Arriba, San Miguel, Mora, Santa Fe, Guadalupe, Colfax, Taos, Socorro, and Grant, are suffering immeasurably from the present economic situation and let me assure my colleagues that the citizens of these counties are in definite need of Federal assistance to combat their economic ills. It is no longer a local problem but a problem which must be met by the Nation as a whole; if we are to remain ahead internationally we must bolster our economy here at home.

A steady loss of population, a rise in the number of welfare cases and other significant indicators are clear evidence of our deteriorating economic conditions. Little money is available locally to counteract these conditions. In some counties more than 10 percent of their population is dependent upon public assistance. Seven of these counties account for 13 percent of the population of the State and approximately one-third of the population in these counties are public assistance recipients. In Espanola and Las Vegas the number of unemployment claims per 100 insured workers is as high as 17 and 18 percent. The rate of unemployment claims per 100 workers for the State of New Mexico as a whole is 4.3 percent. There are 7535 public assistance cases in these counties including 15,000 persons. 20,862 persons are certified to receive surplus commodities.

Considering the need of these areas and the number of welfare cases in them, it is my opinion that immediate assistance should be made available to these areas to improve their economic situation. Applications for surplus commodities and applications for unemployment compensation have increased by leaps and bounds. We are hard pressed to meet these demands and I urge you to act with haste to improve our economic situation in New Mexico.

A public works construction program, I believe, to be one of the most satisfactory and quickest methods for relief of unemployment. In most cases a backlog of authorized projects is available, and plans and specifications are complete and projects can be placed underway within a short period of time.

For example, Federal aid to highways: There is no better or faster method of putting people to work than on the construction of highways. A large amount of labor is used in such construction, both onsite and

offsite. Projects can be placed under construction within a short period of time.

Additional projects which would provide employment for the citizens of New Mexico and the Nation are small watersheds; a large number of small watershed protection and flood prevention projects could be initiated in labor surplus areas. Forest development roads and trails could be developed; forest seeding and development programs could also be accelerated. A number of flood control projects could be started in labor surplus and underdeveloped areas.

I also suggest that the General Services Administration could review their Federal building program to determine if there is need for additional Federal buildings in labor surplus areas.

These are just a few of the many public works activities which could be expanded and accelerated to provide employment in the depressed areas of New Mexico and the Nation.

It is my sincere conviction that public works activities of all types should be expanded and accelerated to relieve our critical depressed conditions, and I would like to see such projects included in S. 1.

I solicit the support of my colleagues in achieving these aims.

SUPPLEMENTARY STATEMENT PREPARED BY PUBLIC WORKS COMMITTEE, SENATOR CHAVEZ, CHAIRMAN

In supplementing the depressed areas legislation it would appear desirable to conduct any public works construction program by existing Federal agencies, from presently authorized projects or programs, within the framework of existing laws, supplemented by additional legislation to provide authorization where believed necessary.

A public works construction program is believed to be one of the most satisfactory and quickest method for relief of unemployment. In most cases a backlog of authorized projects are available, and plans and specifications are complete, and the projects can be placed underway within a short period of time. In addition to providing employment for men on the job, they also provide employment off the site. The benefits derived from such projects are large and permanent, and in most cases extend over a large region.¹

The following programs appear to be worthy of consideration in establishing a public works construction program:

Flood control; navigation: A water resources policy should be established with reference to new starts and acceleration of projects in labor surplus and underdeveloped areas. Priority should be given to multiple-purpose projects which include water supply and low-flow regulation, and units in comprehensive development plans.

A large number of projects are presently authorized. A program in the neighborhood of \$100 million annually could be started for these projects in distressed areas. Additional projects of marginal economic justification, or slightly below such justification, could be authorized due to the additional economic benefits they would provide at this time.

There are three auxiliary programs that could be prosecuted at existing flood control and navigation projects that would be very beneficial. These are:

1. Development of recreational facilities at existing Federal projects, and at State and national forests and parks in such areas.

¹ Some provision might be necessary where local cost sharing is a part of the project, to relieve the local agencies in depressed areas from all or part of such cost, or arrange for loans with which the agencies can meet the cost.

A program of \$25 million annually would care for these needs. Only about 25 percent of these projects are near depressed areas.

2. Additional operation and maintenance of existing projects, much of which has been deferred for several years. A program of about \$20 million annually for this feature would be helpful. About 50 percent of these projects are in or near depressed areas.

3. Rehabilitation of existing works, which consist of levees, floodwalls, jetties, channels, etc. Much of this work has also been deferred because of lack of appropriations. A program of about \$20 million annually for this work should suffice. About 50 percent of this work would be in or adjacent to labor surplus areas.

Public buildings: A large backlog of public buildings has been authorized. Some of them are under contract, sites have been obtained for most of them, and plans have been completed and are underway on many of the others. Thirteen new buildings and repairs and alterations to 10 existing buildings have been authorized in cities in labor surplus areas, having a total estimated cost of about \$400 million. A 3-year program for completion of these buildings would cost about \$133 million annually. The GSA could review their Federal building program to determine the need of additional Federal buildings in labor surplus areas.

Small watersheds: A large number of small watershed protection and flood prevention projects have been authorized, but few of these are in labor surplus areas. The Department of Agriculture is continuing investigations on these watersheds. Priority in these investigations could be given to those watersheds in or adjacent to labor surplus areas and those reports expedited.

Water pollution control: The program for Federal grants for construction of sewage and waste treatment facilities has proved very popular. A relatively small amount of authorization remains available for appropriation. A large number of applications for these grants are on hand, and plans are complete on many of them. There are several bills pending before the committee for broadening and extending the scope of the existing law. A program at least double the present one would be very advantageous, with emphasis on work in labor surplus areas. It is believed that the local pollution control agencies could meet their share of the projects.

Federal-aid highways: There is no better or faster method of putting people to work than on the construction of highways. A large amount of labor is used in such construction, both onsite, and offsite. In most States, a backlog of plans and designs are available, and projects can be placed under construction within a short period of time.

Practically all the States have a balance of funds on hand, both A-B-C and interstate funds, that could be programmed for work in labor surplus areas. Such programming and expenditure is purely an administrative matter within the States. It is noted that many of the States have requested that additional highway funds, A-B-C and interstate, be made available for immediate expenditure. In view of this request, it is believed that the States have or could obtain State matching funds with which to match any additional funds.

As of January 31, 1961, the various States had available about \$2 billion of A-B-C funds unobligated, and about \$5 billion of interstate funds. On January 31, 1961, 8 States were utilizing 1962 interstate funds, 21 were utilizing 1961 funds, 15 were using 1960 funds, and 6 were still working on 1959 funds. On that date 14 States were utilizing 1962 A-B-C funds, 32 were using 1961 funds, and 6 using 1960 funds. The A-B-C funds get first call on the trust fund, and the interstate get what is left.

The major objection to providing additional funds is, of course, the present financial condition of the highway trust fund. If the highway program is placed back on the original schedule, additional taxes must be raised or additional transfers to the trust funds authorized. If immediate work is desired, a resolution could be considered permitting the highway program to go ahead and expenditures authorized, pending new financial arrangements.

The additional road programs for roads on Federal lands could also be expanded, and additional funds for roads in those categories authorized. The agencies now have contract authorization for these funds and could award contracts 1 year ahead of the fiscal year for which authorized. These roads are as follows:

Forest highways: Present authorization, \$33 million for each of fiscal years 1962 and 1963. The funds are apportioned to the States. Additional funds could be used on the highways, although the major National forest lands are in the Western States, remote from labor surplus areas.

Forest development roads and trails: Present authorization, \$35 million for 1962, and \$40 million for 1963. Additional funds for these timber access roads could be advantageously used, although as for forest highways, many of these roads are located in Western States. Funds can be allocated on a needs basis, and can be programmed for expenditure in or near labor surplus areas. Additional funds for these roads could be used for recreation roads in national forests, or included as a separate classification.

Park roads and trails: \$18 million for each of 1962 and 1963. Additional funds for these roads could be used, and could be programmed in labor surplus areas.

Parkways: \$16 million for each of 1962 and 1963. Remaining work on authorized parkways is largely in the vicinity of Washington, and on the Natchez Trace in Tennessee and Mississippi. Additional funds could be used, but little of them could be used in labor surplus areas. West Virginia has long wanted a national parkway authorized in the Monongahela National Forest.

Indian roads: \$12 million for each year, 1962 and 1963. Additional funds for these roads could be used. Local Indian labor could be used.

Public lands highways: \$3.5 million for 1962 and \$3 million for 1963. The Bureau of Public Roads has applications for about \$15 million worth of these roads on hand. Additional authorization would be needed.

Funds for these roads on public lands come from the general fund, and additional funds for them would have no effect on the highway trust fund.

Mr. LONG of Louisiana. Mr. President, I call up my amendment, which is at the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 79, between lines 13 and 14, to insert a new section—

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment be printed in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. LONG of Louisiana is as follows:

On page 79, between lines 13 and 14, insert a new section as follows:

"MILITARY INSTALLATIONS IN REDEVELOPMENT AREAS AND OTHER AREAS

"Sec. 27. (a) No military installation which is classified as a permanent installa-

tion on the date of enactment of this Act shall be deactivated or removed to a new location for reasons of economy, if such installation is situated in a redevelopment area. The Secretary of Defense shall cause to be reactivated any military installation which has been deactivated or removed for reasons of economy within five years prior to the date of enactment of this Act, if—

"(1) such installation was classified as a permanent military installation prior to such deactivation or removal; and

"(2) such installation was situated in an area which is determined by the Administrator to be a redevelopment area.

"(b) The Secretary of Defense shall notify the Administrator before taking any action leading to the deactivation or removal, for reasons of economy, of any military installation which is not included within the terms of subsection (a), but which is classified, on the date of enactment of this Act, as a permanent military installation. The Secretary of Defense shall also notify the Administrator of any action which has been taken within five years prior to the date of enactment of this Act which resulted in the deactivation or removal, for reasons of economy, of any military installation which is not included within the terms of subsection (a), but which was, prior to such action, classified as a permanent military installation.

"The Administrator shall appoint a committee of such persons as he shall determine to investigate the economic effects of any action proposed to be taken, or which has been taken, by the Secretary of Defense with respect to which he has received a notification as provided in subsection (b) of this section. In determining the economic effects of any such action, any such committee shall, among other relevant matters, consider and make findings with respect to (1) the probability that such action will increase unemployment or underemployment in the affected area to such an extent that the area will become a redevelopment area; and (2) the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

"(A) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

"(B) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided by the Government;

"(C) the approximate cost to the Government of relocating any such installation in the event that such installation has been, or will be, relocated; and

"(D) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such installation with respect to which any such action has been, or is proposed to be, taken. Any such investigation shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be submitted to the Administrator for transmittal to the Secretary of Defense and to the Congress. The Secretary shall take no further action in connection with the deactivation or removal of any existing military installation, with respect to which he has sent a notification to the Administrator under this section, unless he has received the findings made in connection therewith as herein provided.

"(d) Upon the request of the Administrator, the departments and agencies of the Federal Government shall, subject to the requirements of the national security,

make available to any committee, established under this section, such available information and services as may be requested by such committee in furtherance of the purposes of this section.

"(e) Persons appointed to any committee under this section who are not otherwise employed by the Government may be compensated at a rate not in excess of \$75 per diem, and, while such person is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses."

On page 79, line 15, strike out "27" and insert "28".

On page 80, line 2, strike out "28" and insert "29".

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from Ohio, provided such yielding does not prejudice my right to the floor. I ask unanimous consent that I may yield on that basis.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment. The amendment, if agreed to, would eliminate from the bill that part of it which provides for grants as distinguished from loans. The bill presently provides \$75 million by way of gifts. My amendment, if agreed to, would eliminate the gift provision of the bill.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie at the desk.

Mr. LONG of Louisiana. Mr. President, I hope the managers of the bill will be able to accept the amendment which I have proposed. The purpose of the amendment is to require that a permanent military base be not closed for reasons of economy if, by closing the base for economy purposes, much of the area involved would become a depressed or distressed area. The amendment upholds the idea that the right hand should know what the left hand is doing. The amendment relates to a situation in which we are told that the closing of a military base is for reasons of economy, but with respect to which a full study would show that if all levels of Government were examined, there would be no saving, and the cost to the Government would be greater by reason of making the area a distressed area. I know that the committee has not had sufficient opportunity to consider the amendment fully, but it will be considered on the House side, if agreed to. I hope the managers of the bill will accept the amendment.

Mr. DOUGLAS. Mr. President, I shall be glad to accept the amendment of the Senator from Louisiana.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. LONG of Louisiana. I yield.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE of South Dakota. Is the Senator asking that the amendment be agreed to?

Mr. LONG of Louisiana. Yes.

Mr. CASE of South Dakota. Without debate?

Mr. LONG of Louisiana. I shall be glad to debate the amendment, but it is my understanding that the managers on behalf of the bill will accept it.

Mr. DOUGLAS. I am ready to accept the amendment.

Mr. CASE of South Dakota. Even so, some of us may wish to have a vote on the amendment. I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. DIRKSEN. Mr. President, I ask for recognition.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. DIRKSEN. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I am delighted to yield to the Senator from Illinois.

Mr. DIRKSEN. First, I wish to ask a question. Has the amendment ever been submitted to the Committee on Armed Services?

Mr. LONG of Louisiana. No; it has not. It has been submitted to the Senate.

Mr. DIRKSEN. Mr. President, will the Senator yield to me 1 additional minute?

Mr. LONG of Louisiana. I yield.

Mr. DIRKSEN. The amendment provides that we could not move a military installation out of a redevelopment area for reasons of economy. What is proposed to be done to the Army, Navy, and Air Force? Is it proposed to tie their hands? The first paragraph of the amendment so provides, and the chairman of the Senate subcommittee is willing to accept the amendment.

I suggest to the Senator from South Dakota that he renew his request for a yeas-and-nays vote on the amendment because it would go pretty far. The amendment has never been submitted to the Committee on Armed Services, so far as I know.

Mr. President, if the amendment is acceptable to the subcommittee, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG of Louisiana. I should like to explain the amendment a little more. I did not believe there would be any opposition to it. It provides that no military base of a permanent nature shall be deactivated or removed to a new location for reasons of economy, if such an installation is situated in a redevelopment area. I have in my hand a statement on this point, which I am asking the pages to distribute to Senators.

If a military station is to be closed to save \$2 million for the Army, for example, but the FHA, by reason of such closing, will lose \$20 million over a period of years, the base may be kept open, if by closing it the Government would save \$2 million but lose \$20 million. It would be necessary to consider whether there is an overall savings to the Government or an overall loss.

Consideration would have to be given to whether the country would be benefited by closing down such a military base. Consideration would have to be given to whether the closing down of a military base would make a redevelopment area out of the given region, or a

depression would result by reason of the closing of the base. The question would be whether it would cost the taxpayers of the country more instead of less. Consideration would have to be given as to what the cost would be to State and local governments.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. BRIDGES. The Senator makes a very eloquent plea for his amendment. However, in my judgment it is not a good amendment, because the illustration which he has given, of saving \$2 million on the one hand but losing \$20 million or more on the other, can be stated the other way, too. It would be possible to save the economy \$40 million on the one hand, and cost the Government \$2 million or \$3 million on the other. His illustration sounds very reasonable, but it can be twisted the other way just as easily. A proposal like this should not be enacted unless it is first passed upon by the Armed Services Committees of the Senate and the House. It would destroy the entire concept of the operation of our military installations in this country.

Mr. LONG of Louisiana. If it were not a redeveloped area, there would be no requirement that the base should be kept open. Certainly consideration should be given to all these matters. Where there is a redevelopment area, there is a high degree of unemployment, and consideration must be given to not making a situation worse when it is attempted to make it better.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. SALTONSTALL. I call attention to another clause in the Senator's amendment:

The Secretary of Defense shall cause to be reactivated any military installation which has been deactivated or removed for reasons of economy within five years prior to the date of enactment of this Act, if—

(1) such installation was classified as a permanent military installation prior to such deactivation or removal; and

(2) such installation was situated in an area which is determined by the Administrator to be a redevelopment area.

The Senator was a member of the Armed Services Committee at one time, and he knows that if an area is deactivated for 5 years and it is to be reactivated, it will cost a great deal of money, if it was deactivated 5 years prior to that time. In our modern day, from a military standpoint, it would have no particular value; it would not only be a very great expense to the Government to reactivate it, but it would be strategically unwise for the military to do so. It would be unfortunate for the area itself, because it would mean that the military would enter the picture temporarily and then go out again. It would be difficult for the military to reactivate a plant which had been deactivated for at least 5 years.

Mr. LONG of Louisiana. I shall be glad to amend my amendment to meet the Senator's thought on that point. I shall modify my amendment by striking out the word "shall" and substituting

therefor the word "may." I assume that will meet the Senator's objection. That is certainly one of the factors to be considered.

Mr. President, I modify my amendment by striking out "shall" and substituting "may" on line 9 of page 1.

The PRESIDING OFFICER. Is there objection to the modification? The Chair hears none, and the amendment is modified accordingly.

Mr. LONG of Louisiana. I stress the fact that the amendment would prevent false economy, and it recognizes that we should not be trying on the one hand to provide for redevelopment areas while on the other hand creating redeveloped areas.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the Senator from South Dakota.

Mr. CASE of South Dakota. The amendment would turn the Defense Department into boondoggle. I read from the amendment:

The Secretary of Defense shall notify the Administrator before taking any action—

That means the man who would be administering S. 1—

The Administrator shall appoint a committee of such persons as he shall determine to investigate the economic effects of any action proposed to be taken, or which has been taken, by the Secretary of Defense with respect to which he has received a notification as provided in subsection (b) of this section.

That would give to the Administrator the power and responsibility to appoint a committee to determine whether a military base should be closed or maintained.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. SALTONSTALL. It would also put the Administrator over the Secretary of Defense.

Mr. CASE of South Dakota. That is the point I am seeking to make. The Administrator of the depressed area bill would have greater power than the Secretary of Defense in determining whether a military installation should be closed.

In connection with some programs which President Kennedy is recommending, I have seen the observation made that one of the things which are considered to be unquestionably necessary for Latin American countries, if they are to become rehabilitated, is to remove some of the oppressive burden of excessive military establishments.

The amendment would on its face say that the United States will adopt a policy of maintaining military establishments not on the basis of their military necessity, not on the basis of their importance to national defense, but on the basis that if we do not maintain a military installation it will result in some unemployment or underemployment in an affected area.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I do not yield at this time. I cannot conceive of anything that would be more dangerous to a sound national defense

policy than to make the maintenance of a military installation dependent upon a committee selected by an administrator who is concerned with unemployment.

Already the defense costs of this country account for more than 50 percent of the national budget. Out of a \$80 billion budget, \$40 billion is devoted to the defense establishment alone. After that come the Atomic Energy Commission and related activities. The total runs to close to \$50 billion out of \$80 billion. The amendment, if adopted, would be serving notice on the world that our military establishments are not selected or maintained on the basis of their importance to the military security of the country but purely upon a boondoggling basis of whether they will provide some employment.

We would be saying to the personnel stationed on a base, the men who form the companies and battalions and regiments, that they are not drafted into the service because of the needs of national security, but merely to provide employment.

I myself have some doubts about the constitutionality of the bill. I have some doubts about its wisdom in many respects. The bill carries a heavy enough load now without adding to it any such proposal as this amendment would provide.

I think it might be useful to read a few other sentences in the amendment. I read from page 4, starting at line 8:

Any such investigation shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be submitted to the Administrator for transmittal to the Secretary of Defense and to the Congress.

Then listen to this sentence:

The Secretary—

Meaning the Secretary of Defense—

shall take no further action in connection with the deactivation or removal of any existing military installation, with respect to which he has sent a notification to the Administrator under this section, unless he has received the findings made in connection therewith as herein provided.

If that does not subordinate the Secretary of Defense to the Administrator to be created under the bill, and subordinate the Secretary of Defense to the findings of the committee named by the Administrator, I do not know what could.

Paragraph (d) reads:

Upon the request of the Administrator, the Departments and agencies of the Federal Government shall, subject to the requirements of the national security, make available to any committee, established under this section, such available information and services as may be requested by such committee in furtherance of the purposes of this section.

Mr. President, I have some doubts about the constitutionality of the bill, because it is a Senate bill. I think that section 9, which was under fire in the amendment offered by the Senator from Virginia, deals with the public revenue. It is entirely conceivable that the bill might be regarded as a revenue bill, because it provides:

The Secretary of the Treasury is authorized and directed to purchase any notes

and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations.

That language, directing the Secretary of the Treasury to take money from the Treasury to provide funds for the Administrator, could easily be interpreted as being a revenue bill. If it is, then I think the Supreme Court, in line with all the precedents, would be obliged to hold that the bill would have to originate in the House of Representatives. So there may be some question about the constitutionality of the bill itself.

There are many other questions about the need for the bill, but certainly I hope the Senator from Louisiana will not press his amendment, and turn the bill into one which would make the Department of Defense purely a boondoggle to be maintained not upon its need for national defense, but its effect upon the unemployment picture in certain areas.

Mr. LONG of Louisiana. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. LONG of Louisiana. Will the Senator inform me when was the first time he read the amendment?

Mr. CASE of South Dakota. I read it when the Senator from Louisiana offered it.

Mr. LONG of Louisiana. So the Senator read it for the first time only a few minutes ago. Based upon that statement, would the Senator be surprised to know that he does not even understand the meaning of the amendment?

Mr. CASE of South Dakota. If the Senator from South Dakota does not understand the meaning of the amendment, he thinks that is all the more reason why it ought to be debated. The Senator from South Dakota started to read the amendment when the Senator from Louisiana called it up.

Mr. LONG of Louisiana. The Senator from South Dakota talks about imposing someone over the Secretary of Defense. Does the Senator notice in the paragraph he read:

The Secretary of Defense shall notify the Administrator before taking any action leading to the deactivation or removal, for reasons of economy.

That means that if the Secretary of Defense wishes to take action to close a base for reasons of economy, he shall take into consideration various elements related to whether a genuine economy is being effected. If he wishes to close a base because troops are needed elsewhere or because there is no military requirement for the base, he is not required to comply with any provision in the amendment.

I hope the Senator from South Dakota will recognize that that is a part of the amendment, and that no one is superimposed upon the Secretary of Defense.

Mr. CASE of South Dakota. I spent a good part of yesterday listening to testimony from representatives of the De-

partment of Defense on the reprogramming of certain funds. The Department of Defense had come to the conclusion that certain activities for which it had requested funds not later than last year, and which are available for expenditure in the current fiscal year, are no longer needed for that purpose.

The PRESIDING OFFICER. The 10 minutes of the Senator from South Dakota has expired.

Mr. BUSH. I yield an additional 5 minutes to the Senator from South Dakota.

Mr. CASE of South Dakota. Only yesterday I sat in committee listening to requests for the reprogramming of funds, because within the past year the Secretary of Defense and his Department had come to the conclusion that certain expenditures should not be made. So they were asking the approval of the Subcommittee on Military Construction of the Committee on Appropriations to withhold certain funds which had been allocated for certain activities and certain installations, and to transfer them to other purposes. That was for a reason of economy. The Department of Defense decided that they should not spend money in certain areas. In particular, certain Bomarc installations, it was felt, in the judgment of the Secretary of Defense and the Department of Defense, should be closed, and the money which was to have been made available for them should be used for something of higher priority or something which was more important; it should not be used simply to continue an activity which had been started.

The 5-year retroactive feature in the amendment, to which the Senator from Massachusetts has already drawn attention, would mean that several Bomarc installations which have been closed because, in the judgment of the Department of Defense, we could not afford to spend any more money on an activity which was becoming obsolescent, or was obsolete, should not be closed without going to the Administrator and letting him, together with the committee, determine whether they should be closed.

It would mean that portions of the warning system which have been declared to be obsolete, and which have been found to be obsolete because of the change from a manned airplane to a missile, even though they were closed 5 years ago, should not be closed, but that we should continue to spend money on them regardless of whether they were needed. We should not spend more money on them, if they were closed for reasons of economy, and because the Secretary of Defense felt that the money could be used for something better.

Mr. LONG of Louisiana. I am happy to have the Senator's remarks as a part of the legislative history, but if any installation is to be closed because it is obsolete or because it is unnecessary or because it would be better to put the money into something else to serve a military purpose, of course the installation should be closed, and that situation is not involved in the amendment.

The amendment relates to a situation in which a decision is made purely on

the basis of economy, and it is false economy based upon the fact that, considering all the factors involved, the Government is losing more money than it is saving.

Mr. CASE of South Dakota. I do not know how "economy" would be defined, if it does not mean that an installation is obsolete, and the Government should not spend any more money on it. If it is obsolete, it should be disposed of, we do not need it. That is a reason for economy.

If the Secretary says that the time has come when we should not spend more money on installations, the amendment requires him to go to the Administrator, to let the Administrator determine whether he should stop the operation which is costing money which could better be spent in the general economy, or better used elsewhere.

Mr. BUSH obtained the floor.

Mr. COOPER. Mr. President, will the Senator from Connecticut yield briefly to me;

Mr. BUSH. I yield 5 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

Mr. COOPER. Mr. President, I have supported Senate bill 1 and similar bills ever since they were first introduced in the Congress. I have been a sincere supporter of those bills, and I am a co-sponsor of Senate bill 1. I support it, and I have spoken for it; and I intend to vote for it unless it is loaded down with amendments which would make it unworkable.

Because I am a strong supporter of the bill, I rise to speak against the pending amendment. This amendment is wrong in principle. I do not think a bill of this sort should attempt to limit in any way the authority of the Defense Department to do whatever it is necessary to do to make proper provision for the defense of our country. When the President of the United States sent to Congress his message on the economy, he directed the various governmental agencies to locate new installations in depressed areas, if such locations could be justified.

So when there arises a question as to whether an installation should be made or whether an existing installation should be removed, under that direction by the President of the United States, I think the Department of Defense should consider all these factors; but I believe it wrong for the Congress to attempt to direct what the Department of Defense shall do in regard to those installations.

The correct principle is that the Department of Defense should be free to do whatever needs to be done for the defense of the country.

I note in the amendment a provision which I think makes it unacceptable; I refer to the provision that an installation shall not be deactivated for reasons of economy, or that if one had been deactivated for such reasons, there is to be a certain procedure for its activation.

I remember that several years ago, when I was in the Senate, there came to Washington a group from Kentucky; they protested against the deactivation of a particular camp. Of course I went with them when they presented their case; but it was apparent that the camp was not needed. Finally, I had to say to my friends, "The only way I know of to secure the activation of this camp would be in some way to get another war started."

Of course I did not mean that such an extreme course should be taken.

However, if such camps and plants should be deactivated, let them be deactivated in the interest of the country. Furthermore, let us not attach to an area redevelopment bill an amendment which would limit the authority of the Department of Defense—although I doubt that the Congress could limit it—to provide in every way possible for the proper and necessary defense of the country.

Because I am a strong supporter of the bill, I hope the pending amendment will be overwhelmingly rejected.

Mr. SALTONSTALL. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. SALTONSTALL. I merely add that we have some difficulty in obtaining sufficient able manpower for our Armed Forces. We wish to proceed by means of voluntary enlistments, rather than by means of the draft. However, if we keep a number of these sites open, even though because of reasons of economy they should be closed, that will mean that more men will be employed in ways that will not be in the best interests of our security; and in that event it will be inevitable that more men will have to be drafted.

Mr. COOPER. I thank the Senator from Massachusetts.

Mr. President, I am afraid that if this amendment is adopted, it will mean the defeat of the bill.

Mr. BUSH. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 2 minutes.

Mr. BUSH. I wish to associate myself with the views on the amendment which have been expressed by the able Senator from Kentucky, the able Senator from South Dakota [Mr. CASE], and the able Senator from Massachusetts [Mr. SALTONSTALL].

I do not think one has to go beyond the first sentence of the amendment, in order to realize what an impossible situation it would bring about. That sentence reads as follows:

No military installation which is classified as a permanent installation on the date of enactment of this Act shall be deactivated or removed to a new location for reasons of economy, if such installation is situated in a redevelopment area.

If there is in the U.S. Government any organization which should take steps for reasons of economy, that organization is the Defense Department. It seems to me that it would be absolutely indefensible for the Congress to include in a redevelopment bill an inhibition against such a decision, for reasons of

economy, by the Secretary of Defense. I cannot think of any way which would better invite a veto by the new President than to adopt such an amendment. I do not believe the President should sign the bill if it included such an amendment; and I would think he would have to veto the bill under such circumstances.

I cannot speak for the new President, of course. But from examining the amendment, it seems to me it would be entirely inconsistent with the policies the President maintained when he was a Member of the Senate, and would be entirely inconsistent with what he then said about economical administration of the Government.

It seems to me that an amendment of this sort would be entirely at variance with all that.

So I urge the Senate to reject the amendment.

Mr. LONG of Louisiana. Mr. President, I regret that Senators who now examine the bill for the first time undertake to know more about what is intended by it than the author of the amendment himself knows about it.

In the amendment we provide that if an attempt is made to close an existing military base "for reasons of economy"—and I emphasize those words—if the Secretary of Defense or anyone else wishes to close a military installation in the United States for any reason under the sun—and there could be any of a thousand reasons; for instance, that the troops were needed somewhere else, or any other reason why he might wish to close an existing military installation that the installation could be closed for such reasons, except when the decision to close the base was based on the assumption that the closing of the base would be an economy move.

Thus, the amendment proposes the requirement of a finding that the closing would result in an overall economy, and that the information be available to the Secretary, so that he could determine whether the result would be an overall economy.

Why would that be necessary, Mr. President? It would be necessary because, as I have pointed out, it is entirely possible that there might be a saving to one branch of the Government, but the result might be a great loss to other branches of the Federal Government itself. Furthermore, so far as the taxpayers are concerned, if the net result is to cost him money, it makes very little difference to him whether he is being required to pay the money because of action by the State government, the local government, or the Federal Government.

So if the overall result of closing a base is actually to cause the Government to spend more money, rather than to save it, certainly no economy has been effected.

Unfortunately, Mr. President, today no agency of the Department of Defense is specifically charged with the consideration of such aspects of these matters.

Again I say that if a base or other military installation has no military need, of course, it should be closed. But we know that many closings have been

made entirely for reasons of economy. In fact, I have known bases to be closed even though the services have said, "These are badly needed, and we do not want to close them, but we are being forced to close them because of economy; we are having forced on us so-called economies which we do not believe wise in any way whatever."

I believe that in some instances it can be demonstrated that no real economy whatever has been achieved.

If when we consider all the activities of the Federal Government in such fields, we reach the conclusion that the result of the proposed closing would not be overall economy for the Federal Government, much less for other governments, then certainly no such closing should be made.

This amendment deals with installations at which the Government has saved untold millions or billions of dollars by getting the local citizenry to provide the necessary schools, housing, recreational facilities, and various other requirements—sometimes amounting to \$50 million or \$100 million, and in return the Federal Government has promised to make the installation a permanent one in that community; but subsequently the Government has decided to close the installation for reasons of economy, even though there has remained some military requirement and necessity for the installation; nevertheless, the Federal Government has decided that, for reasons of economy, alone, the base should be closed.

In that event it seems to us that provision should be made, in accordance with the amendment I have submitted, for the making of a determination as to whether a real economy, in the overall view, would be effected. If it is proposed that the base be closed for reasons of economy, and if it is found that, actually, no economy, in the overall view, would thereby be achieved—and no doubt the particular agency concerned would not really be in a position to determine what the actual, overall economy would be—then the installation should stay open. In other words, if there would be no real, overall economy, the base should not be closed.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CASE of South Dakota. Is it not perfectly clear, under the Senator's own statement, that the determination of economy, as related to the defense needs of the country, would be made, not by the Secretary of Defense, but by a committee to be selected by the Administrator?

Mr. LONG of Louisiana. No. The decision would be by the Secretary of Defense.

He could make that decision under the most unsound argument of economy if he wanted to make it on the basis of defense needs. It would be only if he wanted to proceed on the basis of economy that the question whether there would be an overall economy would be considered and even then he could decide in favor of the base being closed.

For example, as I stated, if one service were to save \$2 million, but other agencies of the Government would lose \$20 million by virtue of the Government's guarantee on home mortgages, that would be a situation in which the Government would lose a vast sum of money.

I could give the Senator many other illustrations in which there appeared to be an economy for one service; but, by looking at the overall economy, it would be seen there would be no saving at all.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. With regard to the statement prepared by the Senator from Louisiana relating to the amendment, in which he discusses the case of military installations in nonredevelopment areas, he states:

For example, it is possible that the closure of a military base might result in the saving of \$2 million in the operating budget of the Army, but be accompanied by a \$20 million loss on FHA guaranteed mortgages.

Will the Senator from Louisiana illustrate that point? How would the FHA, under certain circumstances, be liable to lose \$20 million, while, let us say, the Defense Department would save \$2 million?

Mr. LONG of Louisiana. Let us assume that there are 2,000 houses at an installation on which the FHA has guaranteed the mortgages. Then the Defense Department proceeds to close the installation, and the service personnel are moved out. The houses have to be sawed up and sold. My general impression is that, in moving such houses to different locations, on a \$15,000 house we would do well to get \$500, if it is sawed up and sold. If there is no immediate demand for housing in that area, there is a great loss. Housing then has to be constructed in the area to which the troops have been moved. Such a move appears to be a saving to the military service, but if one looks at the loss in guaranteed mortgages, there is no overall saving to the Government.

Mr. LAUSCHE. I am alarmed by the proposal because it implies that when the Government guarantees mortgages it, in effect, will indulge in uneconomic operations solely for the purpose of protecting itself.

Does it not follow, if this principle is sound, that the Government undertakes, after guaranteeing mortgages, always to operate, even though the operation results in losses, and thus in uneconomic ventures? I foresee a danger in that procedure.

That principle applies even to the bill before the Senate. We guarantee certain ventures. We buy mortgages and evidences of indebtedness. The moment the Government does that, it becomes obligated forever to the particular community in which it has put its money by way of loans and grants.

I may say to the Senator from Louisiana I am only thinking out loud on the matter.

Mr. LONG of Louisiana. So far as the kind of losses which the Senator has indicated are concerned, I believe I can show losses in the millions of dollars on only a single housing contract,

under the Wherry or Capehart program, as the case may be. I think, under the Capehart program, as a result of a decision to close a military base, the Government lost, on a single housing contract, closer to \$20 million than to \$10 million. Certainly, such losses should be considered when it is contemplated to close a military establishment.

Furthermore, and I think the Senator is aware of this, it has been a long established policy of the Defense Department to go to a local community and say to it, "We would like to make this military installation permanent; and if you will do certain things we will make it a permanent military installation."

I have witnessed, and perhaps the Senator from Ohio as Governor of his State did, situations in which certain local communities have been asked to provide certain amounts of land, schools, and various and sundry other facilities.

Certainly, such matters should be considered in a decision to close an installation, if it is not done on the basis of military needs, but on the basis of the Bureau of the Budget telling the Armed Forces that it must economize. If the decision to close the installation is being made entirely for reasons of economy, it is fair to ask whether it will result in an overall, real economy. The people making these investments may lose tens, and sometimes even hundreds, of millions of dollars, and they are entitled to have an indication that it is being done for economic reasons. If, after having invested their money, they lose it, a study might show that no real economy was effected at all.

Mr. LAUSCHE. I recognize the strength of the argument of the Senator from Louisiana, but it still does not negative the distress I am suffering in the belief that we are creating a vicious cycle by the Congress establishing many programs of supposed aid. Congress provides the procedure and provides the loans, and then an agency comes along and says, "There are some facilities we ought to eliminate, but because of previous loans and gifts, they must be continued."

I am familiar with a situation in Ohio that paralleled the experience stated by the Senator from Louisiana.

Mr. LONG of Louisiana. I may point out to the Senator from Ohio that the Government has undertaken programs which do exactly what I have stated. The Capehart housing program, preceded by the Wherry program, did exactly that. When the Government undertakes a contract involving \$100 million invested in housing, the Government is going to lose it in the event the base is closed.

Oddly enough, if the housing belongs to the military establishment, it may consider the loss involved by virtue of the fact that it owned the housing; but when a separate agency is guaranteeing the mortgages, and a decision is made to close the installation in order to make a saving in one branch of the Government, let us say the Army, that decision is made notwithstanding that

another branch of the Government, for example, the FHA, will lose a fortune. So in spite of a possible saving of \$2 million in one agency of the Government, it is possible that there may be a loss of \$18 million, or even \$50 million, in another agency, if one looks at the overall picture. That is the basis of my amendment.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CAPEHART. The Senator's argument, I think, makes good sense, although I am not sure the amendment provides exactly what we should do.

I wonder if Senators really understand how little the bill would do and how little it would help people who need help.

I should like to read the language of the bill with regard to loans and participations, to show how limited are the provisions in the bill. I have never before seen a bill which I thought would fool the people as much as this bill would.

Will the Senator yield some time to me?

Mr. LONG of Louisiana. Mr. President, how much time do the proponents have remaining? If I have sufficient time, I shall be glad to yield.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The Senator from Louisiana has 34 minutes remaining.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 10 minutes.

Mr. CAPEHART. Mr. President, under the bill the Administrator could make loans to build golf courses. The Administrator could make loans to build swimming pools. The Administrator could make loans to build summer or winter resorts.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Can the Senator justify that statement?

Mr. CAPEHART. I will read the language of the bill:

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment in cases of demonstrated need) for industrial or commercial usage, including the construction of new buildings.

Mr. DOUGLAS. That is exactly the point involved. It is for industrial or commercial usage.

Mr. CAPEHART. Is not a golf course commercial?

Mr. DOUGLAS. No; it would be recreational.

Mr. CAPEHART. Is not a summer or winter resort commercial?

I am delighted I have brought up the subject, because the author of the bill is clarifying the language as to the type of loans that can be made.

Mr. DOUGLAS. Possibly motels would come under the language.

Mr. CAPEHART. Motels might be included.

Mr. DOUGLAS. Certainly not swimming pools, golf courses, or any of the others.

Mr. CAPEHART. The Senator will remember the scandals, so called, under the old RFC, with respect to many of these things.

Mr. DOUGLAS. Yes. The Senator from Illinois helped to expose them. I believe, also, we ought to probe development with respect to the so-called Capehart housing.

Mr. CAPEHART. I have no objection to that.

The able Senator from Illinois never wishes to discuss the merits of the case, or to be practical.

I think Senators ought to give consideration to the fact that the proposed legislation will be very, very disappointing. I again invite attention to the possibility that under the language the administrator could lend money for those purposes.

Mr. DOUGLAS. Let us clarify the language in this discussion.

Mr. CAPEHART. The language is very broad.

I shall read further from the language of the bill. I shall read the entire section on "Loans and Participations" to show how limited the provisions are, and how little good, possibly, passage of the bill would accomplish.

The Administrator is authorized to purchase evidences of indebtedness and to make loans (including participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment in cases of demonstrated need) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings.

Next is the language I especially wish to bring to the attention of Senators, because it is very important. Every one of the depressed areas about which we talk has sufficient buildings or sufficient facilities. All these areas already have buildings and facilities.

I invite the attention of Senators to the following language:

Such financial assistance shall not be extended (1) for working capital—

Working capital is used to pay salaries of wage earners. Working capital will create jobs. One must have buildings, machinery, and facilities before a man can be given a job, but 9 times out of 10 the facilities and buildings are available. Working capital is essential.

This language of the bill would prohibit loans for working capital.

It is further provided that financial assistance shall not be extended:

(2) to assist establishments relocating from one area to another.

Such a provision would force a person to start a new business with a new corporation, practically. However, there is a limitation:

The limitation set forth in clause (2) above shall not be construed to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch affiliate, or subsidiary: *Provided, That such assistance will not substantially decrease employment in the area of original location.*

The point I make for the RECORD is that under the terms of the bill any help provided would be materially limited. In my mind the program would be almost inoperative because the depressed areas now have buildings and facilities. The thing these communities lack is business—ideas, management, and working capital. Above everything else, working capital is short.

I do not know why the authors of the bill eliminated the working capital provision. They did not eliminate the working capital provision under the RFC. Working capital loans can be made by the Small Business Administration.

If we provided sufficient money to the Small Business Administration, the Small Business Administration could do more to help the depressed areas than could be done under the terms of the bill. The Small Business Administration can make loans for working capital which could not be done under the terms of this bill.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Our Republican friends are a continuous marvel to me. Generally they attack the bill on the ground that it would do too much. Now my good friend is attacking the bill because it would do too little.

Mr. CAPEHART. Mr. President, I am not attacking the bill. I am trying to explain the bill.

Mr. DOUGLAS. I would say the Senator is attacking the bill.

Mr. CAPEHART. I am trying to explain the bill. I am a member of the committee. I am merely trying to point out to the people of the United States—particularly to the people in the depressed areas, who are looking for help under the terms of the bill—how limited are the provisions of the bill.

Mr. DOUGLAS. We have never claimed the bill would do everything. We merely said it would make a start. Now the Senator is criticizing the bill because it does not include loans for working capital.

Mr. CAPEHART. I am not criticizing the bill. I am simply pointing out exactly what the bill would do.

Mr. DOUGLAS. I would say it is a criticism.

Mr. CAPEHART. Every Senator, and the people, should understand the limitations.

Mr. DOUGLAS. Then the Senator criticizes the bill because it would prohibit pirating?

Mr. CAPEHART. I did not criticize the bill. I simply read the language in the bill, to show the limitations.

Mr. DOUGLAS. The Senator knows the antipirating language was drafted by the Senator from Connecticut and the Senator from Maine.

Mr. CAPEHART. I so understand.

Mr. DOUGLAS. Now the Senator from Indiana is criticizing his colleagues.

Mr. CAPEHART. I am not criticizing at all.

Mr. DOUGLAS. I see; the comments were not criticism?

Mr. CAPEHART. I am simply being factual about the bill.

Mr. DOUGLAS. I am glad to know the Senator's remarks were not criticism.

Mr. CAPEHART. I am pointing out the provisions in the bill. I hope the Senate will agree to my amendment, to set forth exactly what is meant by reference to a chronically depressed area, and to limit the provisions of the bill to certain specific regions.

I am simply pointing out the limited character of the bill. I say again that the Small Business Administration which is already in existence, if given the \$390 million proposed by the bill, could do a better job. We could say to the Small Business Administration, "Make loans to towns and communities which are in chronic distress." The Small Business Administration could do more than could be done under the terms of the bill, with the exception of the rural part of the program.

The Department of Agriculture is now permitted, under the law, to assist in agricultural sections in depressed areas.

More can be accomplished under the present act than can be accomplished under the bill.

Mr. DIRKSEN. Mr. President, I should like to yield to the distinguished Senator from Indiana an additional 5 minutes so he can tell the Senate more about what the bill will not do.

Mr. CAPEHART. I do not know that I have any more to say at the moment. We are discussing the amendment of the Senator from Louisiana with respect to such installations as Army camps. As I said when I rose to speak, it makes some sense to me, because the bill provides that if an army camp is in a distressed area, the Armed Forces are denied the right to abandon it. If it were proposed to close the camp for economy reasons, an amendment to keep the installation in that area makes some sense. I doubt very much whether the Senate wishes to legislate upon that subject. I think some kind of directive or record made on the floor of the Senate in which the Department of Defense is told that if there exists a depressed area around an army installation, unless exceptionally good reasons exist to remove the installation, it would be poor judgment to move it. Such directive or provision would be particularly justified in view of the proposed legislation that provides that the Government would move into such abandoned area and would start lending money or trying to help the community.

It seems to me there ought to be some thought given to the problem which the able Senator from Louisiana has presented. I do not think the amendment would be good legislation. However, when the amendment is considered in connection with the bill, it makes sense to say that we should not abandon an

installation if, the minute it is abandoned, the Federal Government would go back in and grant or lend money to the same community.

I believe we are making a good record on the subject of the amendment of the able Senator from Louisiana. I think if the armed services have the intention of abandoning a camp within a distressed area, even though the amendment is defeated, its submission will have a good influence.

Mr. CASE of South Dakota. Does the Senator from Indiana think we ought to perpetuate an installation that is obsolete?

Mr. CAPEHART. I do not think so, and I do not think that the amendment necessarily so provides. It provides for instances in which the Department of Defense intended to abandon an installation for economic reasons. Of course, the minute the area is no longer in the center of a depressed area, the amendment would not apply.

Mr. CASE of South Dakota. Let me give the Senator from Indiana a concrete illustration. Yesterday afternoon the Subcommittee on Appropriations for Military Construction considered the precise problem of moving a military installation from one point to another point for reasons of economy. If the intended move was from one of the areas that would come under the general definition of the bill, does the Senator from Indiana think that the Defense Department should subordinate its judgment to the judgment of a committee appointed by the Administrator?

Mr. CAPEHART. Not necessarily, no. I merely am saying that there is some virtue to the amendment of the able Senator from Louisiana. If it is proposed to take money out of one pocket and put it into another, there is some sense to the amendment.

Mr. CASE of South Dakota. Does the Senator believe that such installation should be continued even if soldiers must be drafted to maintain the installation?

Mr. CAPEHART. Oh, no, I did not say that, and neither does the amendment so provide.

Mr. CASE of South Dakota. The amendment provides that military installations may not be deactivated or removed; it provides further that if there have been any military installations deactivated within the past 5 years, the Secretary of Defense shall reactivate them.

Mr. CAPEHART. I do not intend to vote for the amendment. I never once said I did. I did not argue for it particularly. I merely said that the amendment had some merit. I rose primarily to point out the lack of help that the proposed legislation would give to depressed areas. The bill is not confined to chronically depressed areas in the United States; it is tied to a criterion or a formula which aids the great industrial center of Detroit, and possibly a few weeks from now the employment level of that area will be such that the area will not qualify for the benefits of the bill. I shall go into that subject later when I introduce my amendment.

Mr. CASE of South Dakota. In Detroit there is the Nike installation. If the Defense Department believes that money spend on the Nike is being wasted, and that it should be used for development of the Nike-Zeus or something else—

Mr. CAPEHART. That is the weakness of the amendment.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. KEATING. I agree with the distinguished Senator from Indiana that it is a salutary move to call up the amendment. My objection to it is its inherent rigidity. That is the reason I cannot support the amendment. In my judgment the Department of Defense should give some consideration to these factors, and if for purposes of economy it is decided a military installation should be moved, consideration should be given to the economy of that community.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUSH. I will yield an additional 5 minutes to the Senator from Indiana.

Mr. CAPEHART. And I will yield an additional minute to the Senator from New York.

Mr. KEATING. I see nothing wrong with consideration being given to those factors by the Defense Department. There are areas in the State of New York which might be helped by even an amendment containing rigid provisions. But, after all, in my judgment, the hands of the Secretary of Defense should not be tied by the bill, and I compliment the Senator from Indiana on his statement.

Mr. CAPEHART. I do not intend to vote for the amendment. I never intended to do so. I merely wished to leave the impression that there is much merit to what the able Senator from Louisiana has brought about here, and I am glad we are discussing the subject, because it does not make sense to me for the Federal Government to abandon an installation in the middle of a depressed area, and then go right back in under the bill and spend a great deal of money, when perhaps, if the installation had to be abandoned, it would not have been necessary to use the terms of the bill.

However, I do not think it is good legislation. I think the problem ought to be handled in some other way. I certainly do not think it should be tied into this particular bill. I think perhaps there is some other way of handling the subject.

Mr. LONG of Louisiana. Mr. President, in the light of the discussion that has occurred here this afternoon, I am constrained to believe that the amendment is perhaps drawn too rigidly, and I should like to have an opportunity, if time permits, to redraft the amendment on somewhat different lines, permitting of more flexibility. I ask unanimous consent that the amendment be withdrawn.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. DIRKSEN. Mr. President, reserving the right to object, if the Senator from Louisiana proposes to submit the

amendment in different form but with the same purpose in mind, we might as well have the yea-and-nay vote now and have it over with. I would rather not go through a long discussion again as a result of merely changing the wording of the amendment. There is a principle involved, and the yeas and nays have been ordered. We might just as well have the yeas and nays.

Mr. KEATING. Mr. President, reserving the right to object, I gather from what the distinguished Senator from Louisiana said that he might have in mind something in the nature of a request to the Secretary of Defense, in making his decisions, to take into consideration the factors covered in the bill. To that type of amendment I believe there would be no great objection. I would like to hear the exact language of it, but I am constrained to think that perhaps an amendment could be framed which would meet with universal approval.

Mr. LONG of Louisiana. Mr. President, I believe I am right on the principle that it does not make sense to close a military base under the guise of economy if no genuine economy is to be achieved, and if in fact, considering all levels of government and all activities of government, an actual loss might result. If that is the basis upon which a military installation is closed, it seems to me that an undertaking upon that basis should be part of a distressed areas bill. I do not believe we ought to have a distressed areas bill under which we permit distressed areas to be created, and by which, not economy, but actual false economy is a result of the initial decision. If the closing of a base results in creating a distressed area on which we then must spend additional money to help an economy that did not achieve economy in the first instance, then the base should not have been closed.

Mr. President, I have asked permission to withdraw the amendment based upon the discussion that has taken place at this time. If there is insistence that there be a yea-and-nay vote on the amendment, the minority leader has that privilege and, of course, I shall accommodate him.

Mr. DIRKSEN. Mr. President, reserving the right to object, I merely wish to say I think I should defer to members of the committee as to whether or not permission should be given to withdraw the amendment. If it is to be reoffered, we may as well resolve the matter now.

Mr. CAPEHART. I have no objection to its being withdrawn.

Mr. CASE of South Dakota. Mr. President, the yeas and nays have been ordered on the amendment, and it requires unanimous consent to withdraw it. I do not presently contemplate objecting to it, but I should like to point out that my understanding is that the Senator from Louisiana previously had modified his own amendment by changing the word "shall" to "may." As the change was made by the Senator from Louisiana, the change is in line 7 on page 1 of the amendment. The first sentence of the amendment reads:

No military installation which is classified as a permanent installation on the date of enactment of this act shall be deactivated or removed to a new location for reasons of economy, if such installation is situated in a redevelopment area.

As the amendment has been changed, and as it is now at the desk, it reads:

No military installation which is classified as a permanent installation on the date of enactment of this act may be deactivated or removed to a new location for reasons of economy, if such installation is situated in a redevelopment area.

The language is just as rigid as before, if not more rigid.

I do not know whether that was intended, but that is the way the amendment now reads. It is more rigid than it was before. No installation may be deactivated if it is in such an area. I do not believe I am the one to object to the Senator from Louisiana withdrawing his amendment. I believe it is the minority leader, who made the original request for the yeas and nays, who is the one who should decide whether the amendment may be withdrawn.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Louisiana?

Mr. BUSH. Mr. President, this is the type of amendment which I do not believe has any place on the pending bill. The purpose of the bill is to provide Federal money on a loan basis to assist States or localities or private interests within a State or locality to finance a project, a business project, for profit, and to create job opportunities within that State or area. That is the purpose. I do not believe the bill should have any other purpose than that.

The bill restricts the use of these loan funds for buildings, except, in exceptional cases, for machinery, and equipment. The Senator from New York will offer an amendment to strike out this exception, and I intend to support his amendment.

Therefore, I believe that the purpose of the Long amendment is completely extraneous. I should like to ask the Senator from Louisiana, if he withdraws it, does he intend to resubmit a similar amendment? If he does intend to do so, I shall object to his withdrawing the amendment.

Mr. LONG of Louisiana. Neither on this occasion nor on any other occasions, so long as I have not agreed as a general arrangement where others have made similar commitments, will I foreclose my opportunity of offering this amendment or any other amendment. If the Senator wishes to insist on a yeas and nays vote on the amendment at this time, he may do so. I thought I was accommodating him and other Senators who oppose the amendment by offering to withdraw it. I do not believe that the Senator from Connecticut particularly cares to put himself on record as being unwilling to consider an amendment that another Senator may wish to offer.

Mr. MANSFIELD. Mr. President, I believe the Senator from Louisiana ought to be accorded the courtesy he requests. It is in accordance with the usual pro-

cedure in the Senate. That is the way we get along on both sides of the aisle. I believe that every Senator should have the right to withdraw an amendment he has offered. Certainly no Senator should be foreclosed from offering another proposal. If we start on that basis, we might as well begin to recognize that we are seeing the beginning of the dissolution of the Senate. I hope the courtesy will be extended to the Senator from Louisiana.

Mr. BUSH. Mr. President, the Senator from Montana makes a very eloquent plea not only on behalf of the Senator from Louisiana but on his own behalf. I accede to his request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment is withdrawn.

Mr. BUSH. Mr. President, I call up my amendment, which is at the desk. It is identified as "3-9-61-B."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 79, strike out lines 14 through 23, and insert in lieu thereof the following:

TERMINATION OF AUTHORITY

SEC. 27. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1963.

(b) Notwithstanding the foregoing, effective on July 1, 1963, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Area Redevelopment Administration which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions of such Administration, are transferred to the Secretary of the Treasury for purposes of liquidation.

(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

Mr. BUSH. Mr. President, the purpose of the amendment is a very simple one. It would provide for careful reconsideration of the measure after it had been in operation for a period of approximately 2 years. The reason I have asked for a termination date of 2 years is based upon the fact that this is an experimental bill. It is something new. It is something that is untried. It is much safer, in my opinion, when one embarks on a new enterprise like this, to have it reviewed at a suitable time, so that Congress may determine whether the program is actually working satisfactorily.

My good friend, the Senator from Illinois [Mr. DOUGLAS] has called this amendment "murder." He said on the floor 2 or 3 days ago that the Senator from Connecticut is guilty of proposing infanticide, of killing this child at the age of 2. If that is so, then Congress has committed many such crimes on numerous occasions. The mutual security legislation, which is very important, is on a yearly basis. The Defense Production Act has a terminal date. The di-

rect housing loan authority of the Veterans' Administration, also very important legislation has a termination date. The export controls have a termination date. The direct purchases of Treasury bonds by the Federal Reserve have termination dates. All housing programs are limited either by termination dates or by the amount of the authorizations. I have even seen the Banking and Currency Committee limit FHA loans to a year in order to serve a particular purpose.

Therefore I plead not guilty to the charge of infanticide. I believe very strongly that it is desirable to have this kind of legislation reviewed in the light of how it has worked after a period of 2 years. It may work very well. It is experimental legislation. I do not believe that any of the members of the Committee on Banking and Currency are certain as to how it will work. I have sat in all the hearings and I have listened to all the debates, in both closed and open hearings. I have a great deal of doubt as to how it will work. With all the background that I have acquired on this proposed legislation, I have some doubt as to how it will work.

For that reason, I think it is appropriate that Congress should have a look at it, and be forced to have a look at it, by the placing of a termination date in the bill. Otherwise, it may simply slide along; and not being watched, it could continue for a long time ineffectually. If it is doing well—and if the bill is passed, I hope it will do well and will serve a useful purpose to relieve distress in some areas—in that case, I have no doubt Congress will reenact it; and that might be exactly the right thing to do, if it is serving the purpose and the ideals which the distinguished Senator from Illinois has for the bill.

Secretary of Agriculture Freeman and Secretary of Commerce Hodges testified that they looked upon the bill as a sort of experimental program. They spoke of demonstration or pilot projects. The Kennedy administration itself proposed to limit the funds even further than they are limited in the bill as report, by setting a limit of \$30 million on each loan fund for the first year, I believe. That provision, as I understand, was taken out of the bill before it was reported.

Pressures will develop for an enormous expansion of the program if it is successful. If it is successful, and if it really alleviates distress and creates new job opportunities, then I think such pressures would be well received by Congress. However, I think that because of the experimental nature of the bill, it would be quite appropriate for Congress to put a termination date in it. I have suggested in my amendment June 30, 1963, which will be a little more than 2 years from now—2¼ years.

Mr. President, that is my recommendation to the Senate. I hope the amendment will be agreed to.

Mr. DOUGLAS. Mr. President, the proposal of the Senator from Connecticut is to allow the bill to run for 2 years and then to discontinue it. He says

this is necessary in order that Congress may have a chance to review the measure.

May I point out that we added to the bill in committee a new section, section 27, in the drafting of which the Senator from Connecticut was very helpful. It requires the Senate Committee on Banking and Currency, or a subcommittee thereof, after the expiration of 2 years, to make a full and complete study and investigation of the administration of the act, and then to report at the earliest practicable date the results of the study and the investigation, together with such recommendations as the committee deems desirable. Then if it is the will of Congress to discontinue the law, Congress can pass an act to repeal it.

The difference is that the Senator from Connecticut would automatically discontinue the act without investigation, and it would require affirmative action to keep it in existence; whereas the present proposal would provide, as almost all measures do, that the law would continue in operation until repealed, but with full opportunity for review and for repeal if Congress so decided.

I understand that I irritated the distinguished Senator from Connecticut last week when I referred to this amendment as being the equivalent of legal infanticide. At the risk of further irritating the Senator from Connecticut, I repeat that characterization today. Murder is a very bad thing. It is one of the most reprehensible of crimes. Infanticide is one of the most reprehensible forms of murder.

Of course, the Senator from Connecticut would not harm the head of a single person. His heart is kind; his disposition is generous. But when he deals with the bill, he is a murderer. What is more, he is a man who plots infanticide. He wants the bill to have a life of only 2 years; then he proposes to cut its throat, unless the rescuers come to its aid immediately and effectively.

Mr. President, this is simply a part of the continuing program of all except a few sturdy souls on the other side of the aisle to defeat the bill, if possible; then if they are not able to defeat the bill, they seek to make it inoperative, or to cripple it or hamper it in every way.

In a sense, I am glad the Senator from Connecticut has offered this amendment, because it shows in clear, crystal form what the real design of the Senator from Connecticut actually is.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. BUSH. The Senator from Illinois, it seems to me, is questioning my motives.

Mr. DOUGLAS. I said the Senator from Connecticut plotted legal infanticide.

Mr. BUSH. I shall not call into question the rule as to whether one Senator should question another Senator's conduct. I think murder is quite out of place in this discussion.

Mr. DOUGLAS. As a physical matter, the Senator from Connecticut would never commit murder. Quite the

contrary. If peoples' lives were in danger, he would rush to their aid. He would risk his life to save others.

I merely say that when we deal with laws which the Senator from Connecticut does not like, then look out, because in this case the Senator is plotting legal infanticide.

Mr. BUSH. I should like to ask the Senator this question, because he seems to question my motive in offering the amendment.

Mr. DOUGLAS. I think the Senator's motives are transparent. The language of the amendment speaks for itself.

Mr. BUSH. I should like to have the Senator from Illinois listen to me.

Mr. DOUGLAS. All right.

Mr. BUSH. I am not raising a question under the rules; but the Senator from Illinois does question my motive. He thinks I am trying to kill the bill.

Mr. DOUGLAS. Yes, I do.

Mr. BUSH. If the Senator will accept my amendment, I will vote for the bill. I think that is an answer to the Senator's challenge of my motives in the matter.

Mr. DOUGLAS. The Senator's attitude toward the bill is much like that of the mother toward the daughter who wanted to go in swimming. This story is known to everyone, and I hope I will be forgiven if I repeat the hackneyed phrase.

The daughter inquires, "Mother, mother, may I go out to swim?"

The mother replied, "Yes, my darling daughter. Hang your clothes on a hickory limb, but don't go near the water."

Mr. BUSH. I do not know what that has to do with this.

Mr. DOUGLAS. The Senator from Connecticut is for the bill provided it will suffer an immediate death; provided it does not do anything; and provided it is ineffective. Then he is for the bill.

Mr. BUSH. May I ask the Senator if he feels the same way about the Mutual Security Act, the Defense Production Act, and all the other acts which bear termination dates? I just read a long list of very important pieces of legislation on which Congress acts from year to year because termination dates are contained within them.

Mr. DOUGLAS. I think those acts dealt with international affairs.

Mr. BUSH. I do not believe there is any disposition to murder in this case. There are important domestic programs which contain termination dates, such as I have proposed for this bill.

Mr. DOUGLAS. Those acts dealt with international affairs.

Mr. BUSH. The Senator from Illinois does not quite answer my question. I repeat my offer.

Mr. DOUGLAS. Would the Senator from Connecticut extend the time to 8 years?

Mr. BUSH. No.

Mr. DOUGLAS. The child might then have a chance to live to be a vigorous youth.

Mr. BUSH. I will extend it to 3 years.

Mr. DOUGLAS. No.

Mr. BUSH. I withdraw the offer. I will remake it if the Senator wants me to do so.

Mr. SALTONSTALL. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. SALTONSTALL. I believe there is merit in the Senator's suggestion, because the whole Congress is brought into the act, and we can extend it before the time runs out. I think 2 years is a little too short a period. I think 3 years would bring it up for reconsideration in an election year. So my suggestion would be 4 years instead of 3 years. I think there is merit in making its duration 4 years. I think there is much merit in having the whole Congress reconsider it. I hope the Senator will make the period 4 years.

Mr. BUSH. I thank the Senator from Massachusetts.

Mr. President, I believe I have the right to modify my amendment. Accordingly, I so modify it to change the termination date from 1963 to 1965.

I ask the Senator from Illinois if he will accept the amendment, as modified.

Mr. DOUGLAS. The infant would still be too young.

Mr. CAPEHART. Mr. President, may I have 5 minutes on the amendment?

Mr. BUSH. Mr. President, does the Senator from Indiana desire the floor?

Mr. CAPEHART. I should like to have 20 minutes on the bill.

Mr. BUSH. I yield to the Senator such time as he may require, up to 10 minutes.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 10 minutes.

Mr. CAPEHART. Mr. President, I made the statement a moment ago that the Small Business Administration, an agency of the Government which is now in existence, and has been for 3 or 4 years or more, and which succeeded the old Reconstruction Finance Corporation, could do more for the depressed areas than can the bill now being considered. I shall read into the RECORD again, from page 45 of the bill, the section dealing with loans and participations:

SEC. 6. (a) The Administration is authorized to purchase evidences of indebtedness and to make loans (including participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment in cases of demonstrated need) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings.

I have just now read what the pending bill provides that the Administrator can do for depressed areas which are said to be in dire need of employment immediately. But this part of the bill prohibits the Administrator from making loans for working capital.

Now I wish to read to the Senate the authority of the Administrator under the existing Small Business Administration Act—an act and agency now in existence. This organization already is working and doing business, every day.

I shall read from that act the provision in regard to the powers of the Administrator; and Senators will observe that this existing act is more liberal and provides more power and is more helpful than the pending measure could possibly be. I now read from the Small Business Administration Act:

SEC. 636. ADDITIONAL POWERS.

(a) LOANS TO SMALL-BUSINESS CONCERNS; RESTRICTIONS AND LIMITATIONS.

The Administration is empowered to make loans to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or to finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to supply such concerns with working capital to be used in the manufacture of articles, equipment, supplies, or materials for war, defense, or civilian production or as may be necessary to insure a well-balanced national economy; and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. The foregoing powers shall be subject, however, to the following restrictions and limitations.

I have just read into the RECORD the powers of the Administrator under the pending bill and the powers of the Administrator under the existing Small Business Administration Act. Under the latter, the Administrator can loan money for working capital; but the pending bill would forbid the making of such loans.

I repeat that many thousands of people will be disappointed with the legislation now proposed, because it will not do what Senators hope it will do. I repeat that in practically all the depressed areas there are ample buildings and facilities. Additional facilities are not needed. What is needed is a new factory or a new processing plant; and, for that purpose, working capital is needed. But under the pending bill, the administrator would not be allowed to provide working capital to enable a business to be moved from one section of the country to a section where chronic unemployment exists. I am not opposed to providing help to areas where chronic unemployment exists; but the bill would not permit the administrator to help a concern which might wish to move a factory from West Virginia to Connecticut, or vice versa. Of course, Mr. President, I do not think the money of the taxpayers should be used to create employment in one area by creating unemployment in another. But the point is that this bill would disappoint many persons.

We would be better off if we provided that the proposed \$394 million should be placed under the jurisdiction of the Small Business Administration. In that connection we might wish to provide additional powers to that Administration, although I do not know about all the details in that connection. But certainly we would be better off by proceeding in that way. In such situations—for instance, if a factory which was making textiles or woollens has now gone out of business, and if jobs are no longer available there—I believe we should, working in combination with the States and the counties, provide some

help. But I think that is as far as we dare go.

Mr. President, it seems that some persons believe that the \$394 million, now proposed to be provided by means of this bill, would help the city of Detroit with its unemployment problem, if the money were used to provide buildings, machinery, and facilities, but not to provide working capital. However, anyone who goes to Detroit will find that an ample number of buildings and facilities now exists there; what is needed there, above all else, is a means to enable the factories which already exist there to recall those who recently have been laid off.

If we are to provide help for situations in which chronic unemployment now exists, although normally there are plenty of jobs and facilities and factories in those areas, such help can be provided by enabling existing factories and employers to obtain more business, so they can reemploy those who were working for them 30 or 60 or 90 days ago.

But no provision of this bill would permit that to be done. Under the pending bill, funds could be loaned to rehabilitate an old building or to purchase machinery or to build a new factory. However, what is needed in Detroit and in 99 percent of the other locations in the Nation where unemployment exists is more orders and more business for existing plants and employers.

The pending bill would really be of help in such situations if it permitted existing factories to be loaned funds for working capital, so they could provide additional employment. But the pending bill would not do that.

Mr. LAUSCHE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. LAUSCHE. At the committee hearing was there any discussion about whether the bill would permit the doing of things which cannot be done under the Small Business Administration Act, to which the Senator from Indiana has referred?

The PRESIDING OFFICER. The time yielded to the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, may I have a little more time?

Mr. BUSH. Mr. President, I yield 2 additional minutes to the Senator from Indiana.

Mr. CAPEHART. I thank the Senator from Connecticut.

In reply to the question asked by the Senator from Ohio, I think there was some discussion of that point at the committee hearing. Unfortunately, because of illness I was not there.

Mr. LAUSCHE. I have read the pending bill; and I have heard the presentation the Senator from Indiana has made, today. It seems to me that the provisions of the Small Business Administration Act are wider than those of the pending measure.

Mr. CAPEHART. Of course they are. In fact, the pending bill would prevent the proposed agency from doing much that is provided for under the Small Business Administration Act.

Mr. LAUSCHE. Under the provisions of the pending bill, would the new agency, as now proposed, be empowered to do anything that could not be done by the Small Business Administration?

Mr. CAPEHART. No. As a matter of fact, actually, purely from a commercial standpoint, the new agency now proposed could do less.

Mr. LAUSCHE. The Small Business Administration Act allows that agency to make loans for the construction and conversion of buildings, does it not?

Mr. CAPEHART. Yes, or for working capital. But the pending bill, as it now stands, would prohibit that.

Mr. LAUSCHE. Can the Senator from Connecticut differentiate between the two? The Senator from Indiana has stated that in the existing Small Business Administration Act he finds provisions which cover all the general authority proposed to be granted the administrator under the provisions of the bill now before us. My question is whether the pending bill would permit the doing of anything which cannot already be done under the provisions of the Small Business Administration Act.

Mr. BUSH. I do not know whether the Senator wants me to respond to that question or not.

Mr. CAPEHART. I do not think it does anything, but I am willing to have the Senator answer.

Mr. BUSH. The Senator from Illinois will correct me if I am in error, but one of the things it does is to subordinate the loans of the Government under Senate 1, whereas, under the Small Business Act loans, that is not done. That is one thing it does.

Something else it does is to limit the amount of the loan that may be made for redevelopment projects to 65 percent of the amount of the industrial loan. Under the Small Business Act, no such limitation prevails.

Those are only two of the differences that I think of offhand. Perhaps the Senator from Illinois can give us others.

Mr. CAPEHART. In other words, the bill limits the loans to 65 percent, meaning private industry within the town must put up 35 percent; whereas the Small Business Agency can lend 100 percent.

Mr. DOUGLAS. Mr. President, if the Senator from Ohio would care to have me reply—

Mr. LAUSCHE. I am very delighted to have the Senator reply.

Mr. DOUGLAS. The bill provide \$100 million in a revolving loan fund for the rural areas of the country which have low incomes and high underemployment. The Small Business Administration would not deal with that problem.

Second, the bill provides a revolving loan fund of \$100 million and grants of \$75 million to provide community facilities for industrial and commercial purposes. The Small Business Administration would have nothing whatsoever to do with that field.

The bill provides for retraining of displaced workers, such as coal miners. In the Hocking Valley, in the Senator's own State, there are large numbers of displaced miners who need to be retrained for other occupations.

Furthermore, the bill provides for subsistence payments while people are taking training, and assistance to small communities to get on their feet, which the Small Business Act does not provide.

This is a thoroughgoing program to help not only the industrial areas of the country, but the rural areas of the country.

If the Senator will look at the map which is in the rear of the Chamber, he will see that the rural areas most likely to be helped are those in the Southern States. I have been distressed to find the vast majority of southern Senators in opposition to a bill which would provide their own areas with real assistance.

My friend from Indiana is virtually proposing to cut all those areas adrift. We have received little help from the representatives of the areas that will be most benefited. But I do not propose to cut the people of those areas out of the bill and allow them to continue to suffer from inadequate levels of economic activity. I think they should be aided, along with the people of the industrial areas.

Mr. LAUSCHE. Is there anything in the Small Business Act that provides loans to rural areas desiring to construct factories or convert factories or needing working capital?

Mr. DOUGLAS. There is no prohibition, but there is no encouragement, and there is no explicit mandate. Furthermore the are loans will not be made unless adequate funds are not available from private lenders or other Federal agencies. They would back up or supplement the existing loan resources of the Small Business Administration and community facilities. Thus they would not compete with existing programs but rather would complement or supplement them.

Mr. BUSH. Mr. President, the Small Business Administration—

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. BUSH. Mr. President, I yield myself 2 minutes, in order to reply.

I think the record will show that up to the present time the Small Business Administration has made loans to rural areas amounting to something like \$95 million. They are different types of loans than are contemplated under the Douglas bill. Loans for working capital, or almost any other purpose, may be made.

Mr. LAUSCHE. Is the Small Business Administration allowed to take security of a secondary level, and not a primary level? The Senator from Connecticut said it was required to subordinate.

Mr. BUSH. I do not think there is any prohibition against the type of security which it may take. It may make a type of loan which has a good prospect of being repaid, but I do not think the law requires that a first mortgage or any other particular type of security be taken. The Small Business Administration makes sure that it is a good loan.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BUSH. Yes. I yield myself 2 additional minutes.

Mr. LAUSCHE. Departing from the Small Business Act, what is there in the bill pending before the Senate that is not taken care of by the Community Facilities Act under the housing authority?

Mr. BUSH. The only thing that is not taken care of is grants. Under the Community Facilities Act, loans may be made, and have been made, and are made, for about the same purposes that the grant provisions of this bill provide. However, under the Community Facilities Act, under the HHFA, there is no right at all to make any grants.

Again, the Senator from Illinois may correct me if I am wrong, but, under this bill, it is not provided that loans shall be made for community facilities, but only grants.

Mr. DOUGLAS. Both.

Mr. BUSH. I stand corrected.

Mr. LAUSCHE. \$100 million for loans and \$75 million for grants.

Mr. BUSH. \$100 million for loans and \$75 million for grants. That is correct.

Mr. LAUSCHE. Under the Small Business Act, money may be loaned for the construction of buildings, the conversion of buildings, and needed capital for operation. Under the Community Facilities Act, money may be loaned for the installation of sewers, gas lines, water lines, sidewalks, and other community facilities.

Mr. BUSH. That is correct.

Mr. LAUSCHE. I have difficulty in learning what is being provided in this bill that is not provided in either the Small Business Administration Act or the Community Facilities Act, except training of men. I am in favor of it, provided some subsistence payments are made. But they amount only to \$19 million. Three hundred and seventy-five million is provided in other aspects.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BUSH. Mr. President, have I time left?

Mr. DOUGLAS. Mr. President, may I yield myself some time on the bill?

The PRESIDING OFFICER. The Senator from Connecticut has ample time.

Mr. BUSH. The Senator from Indiana has asked me to yield him 2 minutes, which I do.

Mr. CAPEHART. Mr. President, after a person in a rural area is trained—and I am in favor of it; I think it is good—either he must move to another town where there is a job available, or, under the terms of the bill, we must persuade some one to build a plant or facility in the neighborhood in which he has been trained. Otherwise, there is no purpose in training him. My point is that, under the terms of the bill, he cannot start a business by receiving a loan, without receiving a loan for working capital. There is a public facilities law which is about as broad as this proposal. There is a Small Business Administration law which can do the same thing here proposed. Then there is the Agriculture Act, with broad pow-

ers, providing what is contemplated in this bill. In the State of Indiana, a pilot plan is being operated in one of the counties, which is also being done in other parts of the United States. I am in favor of it.

Mr. President, I never was more sincere and honest. Perhaps we ought to send this bill back to committee and bring out a bill that will really help what we call distressed areas.

Another thing the Small Business Act provides is provision to lend money, on almost any kind of terms, to distressed areas where there have been floods or droughts. My opinion is that a number of communities have such chronic unemployment that they are in as bad a plight or hardship as if they had been visited by droughts or floods and had been pretty much wiped out.

I am in favor of helping such communities, but this bill does not do it.

Furthermore, it would not limit the money to be spent in such areas.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CAPEHART. I wish to go on record—then I shall sit down—that the bill will be a disappointment to the unemployed people of the United States.

Mr. BUSH. Mr. President, is the Senate ready to act on the amendment?

Mr. DOUGLAS. May I ask the Senator from Connecticut exactly which amendment the Senate is considering?

Mr. BUSH. It is my amendment modified to provide for a termination date in 1965, and to conform with the amendment of the junior Senator from Arkansas [Mr. FULBRIGHT].

Mr. DOUGLAS. Mr. President, I am glad to accept the amendment. This would give the infant an opportunity to grow into a more sturdy childhood. I think the infant will be so strong and vigorous by that time that even those who plan to take into the Tower of London and choke it to death, as was done to the young princes by Richard III, will be unsuccessful.

Mr. BUSH. Mr. President, may we vote on the amendment?

The PRESIDING OFFICER. Do Senators yield back their remaining time?

Mr. DOUGLAS. Mr. President, I yield back my remaining time.

Mr. BUSH. Mr. President, I yield back by remaining time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH] as modified, to the committee amendment.

The amendment, as modified, to the committee amendment was agreed to, as follows:

On page 79, strike out lines 14 through 23, and insert in lieu thereof the following:

"TERMINATION OF AUTHORITY

"SEC. 27. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

"(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under

this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

"(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act."

Mr. THURMOND. Mr. President—

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. THURMOND. I am pleased to yield to the distinguished Senator from Illinois.

Mr. DIRKSEN. Mr. President, the distinguished Senator from New York wished to place before the Senate his amendment dealing with machinery and equipment.

I promised the Senator from South Carolina to yield 30 minutes from the time on the bill, and I am glad to yield that time to the Senator. I hope our distinguished friend from New York can have his amendment placed before the Senate. He will then wait until the Senator from South Carolina finishes his remarks.

Mr. JAVITS. Mr. President, will the Senator yield to me for that purpose?

Mr. THURMOND. I am pleased to yield to the Senator from New York so that he may present his amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from South Carolina may yield to me, and that I may offer my amendment without the Senator from South Carolina losing his right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I offer my amendment which is identified as 3-9-61-A and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 45, lines 21 and 22, it is proposed to strike out the following:

(including machinery and equipment in cases of demonstrated need).

On page 48, lines 12 and 13, it is proposed to strike out the following:

(including, in cases of demonstrated need, machinery and equipment).

Mr. JAVITS. Mr. President, I reserve my time on the amendment. I thank my colleague.

COMMITTEE MEETINGS DURING SENATE SESSION

On the request of Mr. MANSFIELD, and by unanimous consent, the Committee on Finance, the Committee on Interior and Insular Affairs, and the Subcommittee on Education of the Committee on Labor and Public Welfare were authorized to meet during the session of the Senate tomorrow until 12 o'clock meridian.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Small Business Subcommittee of the Committee on Banking and Currency be permitted to meet tomorrow at 11:30 a.m. This request is made on behalf of the chairman of the subcommittee, the Senator from Wisconsin [Mr. PROXMIER].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

LEGISLATIVE PROGRAM AND ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. DIRKSEN. Mr. President, I ask the majority leader what he contemplates may happen for the rest of the day and tomorrow.

Mr. MANSFIELD. Mr. President, in response to the question, it is our hope to conclude by 6:30 this evening, at the latest.

I ask unanimous consent, Mr. President, that when the Senate concludes its deliberations tonight it adjourn to meet at 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, it is the hope of the leadership—and I have discussed this with the Senator from Illinois—that by coming in at a reasonable hour tomorrow we can complete consideration of the area redevelopment bill by tomorrow night. It is anticipated that on Thursday, provided we complete action on the bill tomorrow, we shall consider the OECD and Columbia River Basin Treaties.

It is hoped—we live on hope—that tomorrow the Committee on Finance will report the measure for extension of unemployment compensation, so that we can consider it and the measure providing for extension of unemployment compensation benefits for railroad workers on Friday. If we cannot do so then, we can consider the measures on Saturday.

I think the Senate should be informed as to the possibilities for action this week. Extension of unemployment compensation benefits is very important. As soon as the measures are reported from the Committee on Finance it is the intention of the leadership to have them considered at the earliest possible moment.

AREA DEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. DIRKSEN. Mr. President, I ask the majority leader a further question. In view of the fact that our distinguished colleague the Senator from South Carolina will speak about 30 minutes this evening, since I am fairly sure the distinguished Senator from New York will wish to discuss his amendment at considerable length, can we be assured the discussion will continue and there

will be no yeas and nays votes this evening?

Mr. JAVITS. Mr. President, will the Senator yield to me at that point?

Mr. DIRKSEN. If a yeas and nays vote is requested on the Javits amendment, can we have the vote tomorrow?

Mr. MANSFIELD. Yes. There will be no record votes tonight, insofar as we are able to prevent them.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. President, I should like to have a yeas and nays vote on my amendment, and I am perfectly happy to have the vote tomorrow.

I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I thank the Senator from South Carolina. If the Senator needs more time I shall be glad to yield to him.

Mr. THURMOND. Mr. President, the currently high unemployment in the United States is a matter about which every American should be concerned; and for the Members of the Congress it should be a matter of particularly haunting concern, for the Congress has contributed more than its share to the conditions which are responsible for a large measure of the unemployment through policies of the National Government initiated by the Congress. I am, therefore, most distressed that the Congress continues to ignore the fact that it must bear a major portion of the blame for unemployment; and it is with sincere regret I feel compelled to point out that the area redevelopment bill, which we are now considering, not only fails to recognize the responsibility of congressional policies for unemployment, but, indeed, adds insult to the injury of the unemployed by representing to the American public, as a program for reducing unemployment, what is nothing more than an impractical, deceptive, expensive portion of political pap and guile.

Despite the high-sounding title of the bill and its proposed creation of a new agency of Government, there is nothing really new from the standpoint of substance in the whole conglomeration. When examined in its separate parts, it amounts to nothing more than a brightly packaged combination of several slightly modified existing programs, appetizingly served, hot from a fire fueled with money plucked from the taxpayers' pockets.

There are three loan programs which would be established by the bill. The first, for which the criteria appear in section 5(a) of the bill, is a parallel effort to loan programs now being administered by the Small Business Administration. There are differences, of course, primarily stemming from the fact that the loans contemplated under section 5(a) are limited to certain geographical areas, and such geographical limitations do not apply to the small business loans. Indeed, the Small Business Administration loans are broader in scope in other respects than the loan program contemplated in section 5, for there is no mandatory limitation on an SBA loan that the funds be used only for the purchase or construction of build-

ings or for the purchase and installation of machinery and equipment.

Admittedly, it is difficult to determine whether there now exists a loan program which parallels the loans contemplated in section 5(b) for rural development, for the criteria for the proposed program for rural areas is so vague as to defy analysis. The Department of Agriculture, however, does have a program designed to assist rural areas in reaching maximum development.

The community facility loan program under section 7 of the bill is almost an exact duplication of the program now administered by the Community Facilities Administration of the Housing and Home Finance Agency.

Technical assistance is already available to industry and labor by the Departments of Commerce and Labor; and if such technical assistance is not being effectively rendered, I suggest that a review of the appropriations to those Departments will reveal that we have been pouring the taxpayers' money down a rathole, and it would behoove us to find out what these Departments are doing with their funds.

The authorization of \$4.5 million annually for retraining of workers is, to the best of my knowledge, a financial effort which the National Government has not heretofore undertaken. I submit, however, that it is an area in which State and local action have been most effective, and the National Government under this authorization would be something of a Johnny-come-lately novice.

The authorization of an annual appropriation of \$10 million for payments of subsistence to workers undergoing retraining is no more than a special unemployment compensation program financed by general revenue funds for a comparatively fortunate and favored few of the unemployed.

I would not for a moment have it thought that my principal objection to this legislation derives from the fact that it is duplicative. Had the programs, which are sought here to be duplicated, been effective in the prevention or minimization of unemployment, a cogent argument could be made for at least expanding those programs, if not duplicating them. My reference to the duplication was to point out that the programs embodied in the area redevelopment bill do not stem from new ideas or approaches, but rather are merely redecorated versions of existing programs which obviously have a very limited influence on the rate of unemployment.

The principal fallacy of this legislation stems from the fact that it is based on the completely erroneous conception that the location of industrial facilities is contingent on the availability of financing for buildings or machinery and equipment. As a consideration bearing on the geographical location of plants, available financing is a relatively minor factor. Even in those cases where the availability of financing is a consideration, its bearing on the decision as to the location of the industry is primarily important not from a fiscal standpoint, but rather as an indication of the degree

of local interest in the business endeavor. More relevant by far to decisions on the geographical location of industries are such factors as the availability of markets, the absence or existence of an adequately trained labor force, the availability or absence of raw materials, the status of transportation facilities, the availability of utilities and fuel and their cost, the State and local tax structures, and—possibly the most important of all—the attitudes of the local community and work force toward industry. Unless at least a minimum of such factors are favorable, not even the almighty dollar, so readily sucked out of the taxpayers' pockets by the National Government, can enable any enterprise to locate and operate competitively.

It is also quite apparent that those persons undertaking to establish new industries, or expand existing ones, would be irresponsible to accept loans from the National Government, even if pushed upon them, when the prospect for repayment of those loans was overly doubtful because of existing conditions in the community in which the Government dictates that the industry must locate in order to qualify for the loan. It is inconceivable to me how anyone can be so naive as to presume that an industry financed by an agency of the National Government would succeed where an industry, under the same economic conditions and factors, financed from private resources, has failed. I fail to perceive any change in the character of the dollar when it passes up the tax channels and through the hands of bureaucrats—except a notable shrinkage.

Even assuming that the availability of financing for buildings and equipment were a material factor in the location of industrial facilities—which it certainly is not—there is no evidence whatever of a lack of financing from private sources. The funds proposed to be authorized by this bill in the form of loans, as extravagant as they be in terms of the good they will do through this use, are relatively insignificant when compared to the annual outlay of private funds for buildings and machinery in the location of new industries and the expansion of old ones. In short, the funds authorized by this bill will not be a drop in the bucket. According to the figures released by the Department of Commerce, even in 1959, which is the latest year for which the figures have been compiled, it required a capital investment of \$15,866 on the average to create a job in manufacturing. The capital investment required per production worker is rapidly increasing and by now probably approaches \$17,000. It should be quite clear that were all the funds authorized by the bill converted immediately and directly into jobs, the impact on unemployment would be slight.

Traditionally, industrial employment and production has been financed from the personal savings of the American people. Despite the fact that we are experiencing an economic slump of sizable proportions, personal savings continue to increase. For instance, in the third quarter of 1960, the Department

of Commerce reports that personal savings were at the seasonally adjusted annual rate of \$29.2 billion, as compared to \$22.5 billion in the third quarter of 1959, and \$27.1 billion in the third quarter of 1958. Admittedly, it is unlikely that these personal savings will be invested for the purpose of inaugurating industries in geographical areas where factors affecting business success indicate an excessive risk of failure.

This brings us to the false premise of the area redevelopment bill. The approach embodied in this legislation can be summarized as an effort to shift the increment by which industrial efforts in certain geographical areas are noncompetitive to the shoulders of the general taxpayers, rather than trying to correct the underlying and basic causes which make the industries in question noncompetitive in the first place. I cannot help but conclude that this fallacious approach stems at least in part from a reluctance of the Congress to squarely face the fact that its own policies are responsible for many of the factors rendering it impossible for industries of certain types and industries in certain geographical areas to be competitive, and, indeed, for mitigating the competitiveness of our entire industrial structure.

Some of these factors could hardly be more obvious. For instance, employment in the textile industry dropped by 325,000 during the period 1947–57, and since that time employment in this particular industry has declined by another 85,000. If anyone doubts that the major cause of this decline in employment by the textile industry is due overwhelmingly to the ever-increasing flow of low-wage foreign textile imports into this country, I invite them to read the hearings on the problems of the domestic textile industry held last month by a subcommittee of the Interstate and Foreign Commerce Committee. Not even in the rosier glow of fuzzy optimism could one expect the provisions of the area redevelopment bill to produce employment for 85,000 people. Yet the Congress has had numerous opportunities to take positive action to limit the imports of foreign textiles which would have undoubtedly saved these 85,000 jobs. It is a strain on my imagination to believe that the area redevelopment bill could induce the inauguration of 128 new industries which would not have been inaugurated without its passage; yet between 1958 and 1960 alone, 128 textile mills closed their doors and went out of operation because they were unable to compete with the influx of textile imports manufactured by labor paid at a small fraction of the American scale and produced by foreign industries stimulated by realistic tax treatment. I need not remind the Senate, Mr. President, that in addition to the 128 industries I have just mentioned, the textile industry lost 710 more mills during the period 1947–57.

Textiles, Mr. President, is but an example—albeit an extreme example—of the impact of congressional laxity and blindness to the lack of reciprocity in our trade program and the utter pervers-

sion of its peril point procedure and escape clause provisions.

Mr. President, our trade policy is by no means the only immediate cause of conditions which foster unemployment as a result of governmental policies. Policies originated in the Congress have encouraged increases in wages and fringe benefits not based on productivity, and no small part of the unemployment we are now experiencing is a direct consequence of this violation of basic economic law. Our outmoded and unrealistic depreciation methods and rates embodied in Internal Revenue Bulletin F constitute a heavy damper on the ability of American industries to compete in the world market, and thereby promote unemployment.

Less specific, but equally responsible for our postwar economic lag is the basic philosophy which has promoted such a phenomenal increase in centralization of political power in the National Government, and a corresponding depletion of individual liberty and incentive. The expenditures of government—national, State and local—are now equivalent to 38 percent of personal income in the United States. Completely aside from the fiscal picture, which in itself is alarming, this means that more than one-third of the decisions on the utilization of resources in our whole country are made by government rather than by the individual. It is a law of human nature that individual incentive varies directly with the rewards for initiative. Quite obviously, the rewards in our society have been reduced drastically, and no small portion of our economic slump is duly reflected by the reduction in individual initiative. As much as we might desire it otherwise, humanitarian considerations can never replace profit as an incentive for human endeavor, sacrifice and accomplishment.

If the Congress truly desires to accomplish a reinvigoration of the American economy, let us remove the chains of government control, regulation and interference, reduce the cumbersome burden of excessive taxation, and then witness an unexcelled growth in the gross national product and the full employment which will attend it.

Mr. President, not only is the program embodied in the area redevelopment bill pretentious, expensive, impractical, and unworkable, but unfortunately it also has a distinct potentiality for further damage to our economy and to American citizens.

Once again we are confronted with a resort to backdoor financing, for \$300 million of the \$394 million authorized by this bill is removed from the annual review and evaluation by Congress through the method of authorizing the newly created agency to borrow directly from the Treasury and to establish revolving funds for the loans. I have long been convinced that no circumstances justify the circumvention of the normal annual appropriations procedures of the Congress, for each such circumvention mitigates congressional control over expenditures, and embodies a shirking by the Congress of its responsibilities in this field.

The use of such a method of financing for a program that is admittedly experimental is particularly unwise and unjustified.

Mr. President, I would also call attention to the fact that the area redevelopment proposal makes changes and modifications in the urban renewal program, which, when considered by the Congress in the past in the normal framework of housing legislation, has received somewhat less than an enthusiastic endorsement.

Mr. President, we are regaled without cessation on the desirability of nondiscrimination in all facets of our society's endeavor, and particularly those endeavors of society which are undertaken by government. I could not in good conscience, therefore, ignore all the lectures we so constantly receive on nondiscrimination by failing to point out that the proposals embodied in the area redevelopment bill are thoroughly and unfairly discriminatory. It is obvious that the philosophy of those so preoccupied with the necessity for nondiscrimination did not allow any of their philosophy to spill over into this proposal.

Only approximately one-eighth of the unemployed are located in chronically distressed areas, into which the funds proposed to be authorized by this bill would flow. Even within those selected areas, relatively few of the unemployed could possibly benefit from the funds expended. Even if the program worked—for which there is not a chance—this bill, at best, and under the most optimistic view of its possible effectiveness, would assist only the favored few employees and industries. The great majority of unemployed would not be helped, and the industries and communities not subsidized would be discriminated against. The industries which were favored with loans from the public funds would be, were this bill to be effective, placed at a competitive advantage over their more numerous, but less favored, competitors in the same field.

I have encountered repeatedly over the last three congressional sessions, during which substantially this same proposal has been before us, a school of thought which assumes that the loan fund included for the rural areas has as its purpose the acquisition of the votes of representatives of predominantly rural areas, of which, as nearly as I can ascertain from the elusive criteria, are located mostly in the southern United States.

Since I represent one of these predominantly agricultural States, I realize that this school of thought must be erroneous, for the inclusion of a program of loans purportedly to be made largely among my constituency tempts me not in the slightest to support this atrocious bill. Even were I so tempted, there are counterbalancing influences to offset such temptation. These influences arise by virtue of the fact that I do represent a State from this particular area of the country, and because of the social customs and laws which prevail there because our citizens determine them to be in the best interest of our own society. In this regard, I am not

unmindful of the Executive order issued by the President on March 7 on the subject of nondiscrimination in Government employment and equal employment opportunities to be afforded by Government contractors. I am not insensitive to the fact that it is but one short step between the application of such an Executive order to those employers contracting with the Government and the application of a similar Executive order directed to those employers and contractors who utilize funds originating from the Treasury of the National Government. My realization of this danger is emphasized by the provisions of section 21 of this proposal, by the terms of which the Secretary of Labor, for all practical intents, is vested with control of wages and hours for anyone employed in whole or in part as a result of funds expended under the provisions of this bill. Nor am I unmindful of the breadth of the language of subsection 12 of section 12, which embodies the power to issue regulations for the Administrator of the Area Redevelopment Administration.

I repeat, that even were the funds provided for rural redevelopment a temptation for me to support this legislation—which they emphatically are not—I would be more than dissuaded from submitting to that temptation by the very real specter of a baby FEPC which might well follow these funds.

Mr. President, one of our greatest Presidents once said:

It is true that you may fool all of the people some of the time; you may even fool some of the people all of the time; but you can't fool all of the people all of the time.

At the moment this proposal may fool most of the unemployed and, indeed, a majority of Americans for a short time; and if we fail to enact it, a great majority of Americans may never know what a farce it really is. Should this proposal become law, however, Mr. President, it will be readily apparent to almost all of the people for all time to come that the area redevelopment proposal was nothing more than a great hoax, perpetrated on an unwary and still unbelievably trusting public, an act of Government unequalled for ineffectiveness since Nero fiddled while Rome burned.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. THURMOND. I am pleased to yield to the distinguished Senator from West Virginia.

Mr. RANDOLPH. I have listened with intense interest to the remarks of the distinguished Senator from South Carolina. Although we differ in our approach to many proposals in this body, I have enjoyed personal friendship with him.

I noted that during his address he stated that there is no lack of private capital in the United States at the present time; that the resources are available in the commercial financial institutions for the loans which might be needed.

I now refer to the testimony of my colleague from West Virginia [Mr. BYRD], and I direct the attention of the Senator from South Carolina to the hearings on

the proposed legislation and to the statement of Senator BYRD which was given before the Senate Committee on Banking and Currency on Wednesday, January 18, 1961. Senator BYRD stated in his testimony that of the 77 national banks which are doing business in West Virginia, only 16 have assets in excess of \$10 million. He also indicated that only five banks of those banks have in excess of \$25 million.

Consequently, in the State of West Virginia, there has been difficulty in the securing of local bank loans, either for new industry or for the expansion of old industry. For this reason, West Virginia industries oftentimes have to come to the Federal Government to take advantage of the Small Business Administration loans, which have been helpful throughout the country, and which in many instances are very helpful in West Virginia.

Would the Senator from South Carolina agree, or at least partially agree, that at least in the State of West Virginia, the banking institutions might not have the financial strength with which to help provide the capital needed to stimulate industrial growth?

Mr. THURMOND. I do not know whether the distinguished Senator from West Virginia was in the Chamber at the beginning of my address, when I called attention to the fact that three loan programs are established in the bill. The first, for which the criteria appear in section 5(a) of the bill, is a program which is parallel to the loan programs now being administered by the Small Business Administration.

I also acknowledged that it is unlikely that private funds will be invested where factors exist which make the risk of failure high.

The community facility loan program, under section 7 of the bill, is almost an exact duplicate of the program now administered by the Community Facilities Administration of the Housing and Home Finance Agency.

I also pointed out that technical assistance is already available to industry and labor by the Departments of Commerce and Labor.

So I do not see how, under the bill, industry in the Senator's State of West Virginia will get any financing which is not now available. Furthermore, where there is a proper atmosphere in an area, industry will invest and will seek loans. Industry will not go to West Virginia or any other State unless there is a wholesome atmosphere for it. My opinion is that private industry, if we lend it any encouragement, and do not pass laws which tend to discourage industry, can operate successfully in this country. It is my firm belief that industry has been attracted to the South because the South has a proper industrial atmosphere. I believe some of the other States also will get industries if they will improve the industrial atmosphere within the States. Then private money will be attracted there and will be available.

As for particular banks in the Senator's State of West Virginia lending money, a great many banks in the States lend money, but I am informed that

some banks in some States, where the labor leaders have arbitrary control of the economic and political situation, will not make loans. The Senator from West Virginia himself will have to decide whether the labor leaders are controlling the factors affecting industry in his State and thereby hampering industrial development.

I certainly am interested in West Virginia and every other State in the Nation, but it is necessary to have the right industrial atmosphere in any State, otherwise industry will not go there; or if it goes there, it will not succeed. The mere fact that the Federal Government may finance industry in West Virginia or any other State, where industry which has been financed privately has already failed, is no assurance that industry will succeed simply because it is financed by the Government.

Mr. RANDOLPH. Mr. President, will the Senator from South Carolina further yield?

Mr. THURMOND. I am pleased to yield.

Mr. RANDOLPH. I remember when there was opposition to the Federal loan program of the former Reconstruction Finance Corporation. But I recall a situation at Parsons, W. Va., in the mid-1930's when the local banking facilities could not supply the funds to reopen the then closed Dorman Mills. I was a Member of the House of Representatives at that time, and I recall having helped arrange a conference with the bankers from Parsons and officials of the Dorman Mills which led to the securing of an RFC loan. There was a very slight participation by the bank; but had the bank been the sole available lending agency, the Dorman Mills would have remained closed. With the RFC loan, the mill reopened and provided reemployment for over 100 idled workers. It has remained in operation and today employs 201 persons.

I am informed the RFC loan was repaid ahead of schedule with interest and profit to the Government.

Would the Senator from South Carolina say it was wrong for the Reconstruction Finance Corporation in that day, or the Small Business Administration in this day, to lend money to reopen a plant in West Virginia, when that plant could not secure funds from private financial institutions?

Mr. THURMOND. I am not familiar with the details of the loan to which the Senator refers, so I cannot pass on its advisability. I would answer this question by asking the Senator from West Virginia what the pending bill will do that the Small Business Administration cannot now do. Of course there are differences, primarily stemming from the fact that the loans contemplated under section 5(a) would be limited to certain geographical areas, and such geographical limitations do not apply to the Small Business Administration loans. The Small Business Administration loans are really broader in other respects than the loans contemplated in section 5; for example, Small Business Administration loans are not subject to a mandatory limitation that the funds must be

used only for the purchase of buildings or for the purchase and installation of machinery or equipment.

In short, almost all phases of the pending bill are now paralleled by provisions already in existing law.

I realize that the Senator from West Virginia is sincere, and that he wishes to do what he can to help the people of his State. That is perfectly natural. But the pending bill will not do what the Senator from West Virginia thinks it should do; and the pending bill is at the present time paralleled by services being provided by various governmental agencies which are authorized to do all that it is hoped the pending bill will do.

The PRESIDING OFFICER (Mr. HART in the chair). The time yielded to the Senator from South Carolina has expired.

Mr. JAVITS. Mr. President, if the Senator from South Carolina desires to have additional time, I am prepared to yield additional time to him. I have an hour under my control, and time on the bill is also available.

Mr. THURMOND. I do not wish to have more time yielded to me, unless the Senator from West Virginia desires to ask more questions. However, as a courtesy to him, I shall be glad to have additional time yielded.

Mr. JAVITS. Very well, Mr. President; I yield 5 minutes on the bill to the Senator from South Carolina.

Mr. RANDOLPH. Mr. President, I should like to continue my colloquy with the Senator from South Carolina.

The PRESIDING OFFICER. Does the Senator request additional time?

Mr. RANDOLPH. Yes; and I appreciate very much the courtesy of the Senator from New York.

The PRESIDING OFFICER. The Senator is recognized for an additional 5 minutes.

Mr. RANDOLPH. I also appreciate very much the courtesy of the Senator from South Carolina.

Mr. President, at this point let me state that I am informed that during the calendar year 1960, 31 small business loans were made to West Virginia. I understand that the total or the face amount of those loans was \$1,896,500.

I hope it is not inappropriate for me now to ask whether the Senator from South Carolina supported the legislation which resulted in the creation of the Small Business Administration.

Mr. THURMOND. I was not a Member of the Senate at the time that legislation was considered and passed.

Mr. RANDOLPH. I was not certain whether the Senator from South Carolina was then a Member of the Senate.

Mr. THURMOND. That measure was enacted before the Senator from West Virginia and I came to the Senate.

Mr. RANDOLPH. I realize that the Senator from South Carolina has had much more experience than have I in this body.

I merely wished to check to see what was his thinking about an organization such as the Small Business Administration, and to ascertain whether he would support it now, if he could, even though he was not a Member of the Senate when

the measure was passed, and thus was not able to support it at that time.

Mr. THURMOND. Of course such a matter of philosophy would require a long discussion, which I believe would be more appropriate on another occasion, in view of the time limitation on debate now in effect.

I think the Senator from West Virginia well knows my philosophy in regard to administration at the State level, and in opposition to administration by a strong centralized government, at the expense of the States and the institutions which belong to them. But I think this is not an appropriate time for such a discussion.

Mr. RANDOLPH. I shall not pursue the point.

Before the Senator from South Carolina takes his seat, I wish to say that I believe it appropriate that he discuss the matter of our trade policies. I can say to him that I think the Congress has not acted in the way he desires; in fact, I believe many Senators are most vigorous in advocating a policy different from the one we have recently been experiencing.

There was a time, when I was in the House of Representatives, when I opposed granting to the President of the United States the 25 percent so-called leeway in connection with tariffs.

I felt that was a prerogative of the Congress and a flexibility which was too much for the President to have available to him.

I wish to call attention to the fact that the Senate Select Committee on Small Business has held hearings on the impact of imports on small business. I presided over those hearings. It might be valuable—inasmuch as the distinguished Senator from South Carolina has brought this matter into the debate—to mention Report No. 1908, of the 2d session of the 86th Congress. It is a report from the select committee, on the impact of imports on small business. I filed that report in August 1960; and the ideas which are being expressed by the Senator from South Carolina are incorporated in that report.

I know that many Senators, regardless of the sections of the country from which they come or the parties to which they hold allegiance, have a feeling which brings them together on the matter of our trade policies in 1961. So I commend to my colleagues a reading of this report, which I filed from the Senate Select Committee on Small Business. I think there is in it an agreement which many of us share.

Mr. THURMOND. Mr. President, as I stated on a nationwide television program, several days ago, I believe we must go to the root of the trouble. But what is being advocated here, in the pending depressed areas bill or redevelopment bill, will not go to the root of the trouble for it administers on to the effects of the difficulty. We must go to the causes, not the effects.

On that television program, I mentioned three things: First, we must place a limit on low-wage imports; second, we must provide for a more realistic formula for allowing tax depreciation on

machinery; third, we must base increases in wages on increased productivity. Mr. President, by such means we can go to the source, or the root of this trouble. Until we do so, we shall not obtain relief. If we raise wages, solely in order to raise them, but without at the same time having an increase in productivity, industry will be in trouble, and will have to close, regardless of whether it is financed by the Government or by private funds.

If we continue to permit excessive imports to enter the United States from low-wage countries, our own industries will not be able to compete, and will have to close—as I stated in my remarks earlier this evening, when I cited figures from the textile industry.

I may add a fourth point; namely, there must be a favorable atmosphere for industry in a community or a State. Without such an atmosphere, industry cannot succeed.

But if we can bring about those conditions, private enterprise will expand and will rapidly increase its investments; and then the situation about which we are now complaining, and which we are trying to remedy by means of the attempt to enact this unwise and unworkable legislation, can be remedied.

The PRESIDING OFFICER. The additional time yielded to the Senator from South Carolina has expired.

Mr. HUMPHREY addressed the Chair.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. Do not I have the floor?

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. HUMPHREY. I am sorry that I did not so understand, Mr. President.

Mr. THURMOND. Mr. President, will the Senator from New York yield briefly to me at this time?

Mr. JAVITS. I yield for 1 minute.

Mr. THURMOND. Mr. President, in amplification of the discussion on low-wage imports, I should like to call the attention of Members of the Senate to a supplemental report by the Textile Subcommittee of the Interstate and Foreign Commerce Committee, entitled "Problems of the Domestic Textile Industry," which was made on this day, March 14, 1961.

I feel that this is a most important document, and it bears strongly on the questions which the distinguished Senator from West Virginia and the Senator from South Carolina have discussed here this evening.

Mr. JAVITS. Mr. President, I yield to the Senator from Minnesota [Mr. HUMPHREY] with the understanding that I will not lose my right to the floor at the conclusion of his statement.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I have three very brief amendments. I have discussed them with the chairman. The first two amendments would apply to sections 6 and 7, relating to the participation of a State, or of an agency or

instrumentality or political subdivision thereof, by adding the words: "or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan."

There are two amendments, one applying to section 6, and one applying to section 7. I should like to state the purpose of the amendments.

S. 1, as presently worded, provides, in sections 6 and 7, that the Federal Government shall finance up to 65 percent of development projects and that the States or their subdivisions—and in case of section 6, also nongovernmental community organizations—shall contribute not less than 10 percent of the cost of any project.

Provisions have been made elsewhere in the bill for the benefits of the legislation to be enjoyed by depressed Indian reservation areas. However, the requirement that States contribute 10 percent of the cost of any project may prove a serious obstacle to any program on the Indian reservations most in need of help. In many States with large Indian populations, the State authorities may feel that economic assistance to reservation areas is an exclusively Federal problem. The most recent evidence of that sentiment is found in the discussion on the House floor on March 10, 1961, in which Representative BERRY, Republican, of South Dakota, urged an additional Federal contribution to finance the Indian portion of any new aid to dependent children. It is thus most likely that the States containing large Indian populations may not be prepared to undertake projects on Indian reservations requiring a 10-percent contribution.

It would be most helpful, in order to overcome this serious obstacle, for the 10-percent requirement to be waived in the case of Indian reservation projects.

However, if that cannot be done—and I hope this question will be considered in the conference committee, and I urge that it be done—the 10-percent requirement in sections 6 and 7 should be amended to permit Indian tribes to contribute that share out of the resources available to them. The proposed amendment would do just that.

Mr. President, I send the amendments to the desk and ask to have them read.

The PRESIDING OFFICER. The amendments will be read.

The legislative clerk read as follows:

Amend section 6(b)(9)(B) to read:

"That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan."

Amend section 7(c) to read:

"In making any loan under this section, the Administrator shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is located or by the Indian tribe on whose reservation such project is located as equity capital, or as a loan."

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table.

Mr. DOUGLAS. Mr. President, I am ready to accept the amendments.

The PRESIDING OFFICER. There is an amendment pending. It would require unanimous consent.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the pending amendment be laid aside and that we be permitted to consider the amendments of the Senator from Minnesota.

Mr. JAVITS. Mr. President, reserving the right to object, I shall, regretfully, have to object, because I have no idea what the minority leader thinks about the matter. So I hope my colleague will not press his request.

Mr. DOUGLAS. Mr. President, in order to complete the record, I wish to say that these are constructive amendments. They merely permit the Indian tribes to assume the mandatory 10-percent contribution in the event a State will not do so. I think the proposal is very constructive.

The Senator from North Dakota [Mr. BURDICK] has already spoken to me about the amendments. I think they would help very much; but if the Senator from New York feels unable to consent to the amendments in the absence of the minority leader, we will let them go over until tomorrow.

Mr. HUMPHREY. Mr. President, if this is to be the procedure which is to be followed, I, of course, will have to note the fact. I regret it, because when the chairman is willing to accept an amendment, the amendment is generally accepted.

I have a second amendment which I should like to have lie on the desk. The amendment is, on page 80, line 6, following the words "Puerto Rico", to strike out the period and add, "and the Virgin Islands."

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. HUMPHREY. Mr. President, the purpose of that amendment is to include in the definition the Virgin Islands. In the definition, the section refers to the several States, the District of Columbia, and the Commonwealth of Puerto Rico; and we propose to add the Virgin Islands.

I shall call up the amendment tomorrow.

Mr. DOUGLAS. Mr. President, speaking for the RECORD, let me say that this amendment also is acceptable.

Mr. HUMPHREY. Mr. President, I wish to make a brief statement relating to the depressed areas proposed legislation insofar as it relates to agriculture. I have been discussing this proposed measure with the Department of Agriculture, the Secretary, and the staff members of the Department.

The Department of Agriculture is administering programs on behalf of farm and other rural people which are aimed at improving living conditions and providing income and employment opportunities. The Department is engaged in an organizing cooperative effort which extends through the States to the local level and which provides assist-

ance to rural people who have, on a co-operative basis, sought to attain the same goals to which the depressed area legislation is directed.

I know that the Department of Agriculture stands ready to implement any provisions of the depressed areas bill that might be assigned to it. We should alert the agencies of the Department to be prepared to carry out such provisions immediately upon enactment of the legislation.

The Department emphasizes that the help that the areas designated under provisions of the legislation might receive would be in response to requests from local citizens and groups. Such requests would be based upon local initiative and cooperation.

I have been assured that the Department will make available the assistance provided by the depressed areas legislation to implement locally conceived and adopted area development plans which have as their objective fuller use of human and other resources in the development of employment and income opportunities for unemployed and underemployed rural people.

Mr. President, the legislation we are discussing today can have a far-reaching effect in the rural communities and small towns of this Nation.

As we all know, technological change and mechanization have had a severe impact on our farm population. In recent years, many thousands of farm families have been forced to close up their farms and move to town in search of work. Other thousands of families have come to depend almost entirely on the income earned through work off the farm in nearby factories and other enterprises. The Census Bureau informs us that there are now 3.7 million farms in the Nation, a drop of more than a million in just 5 years. Yet in 1959 nearly half of all our farmers worked part-time off their farms. And 3 out of 10 worked off their farms 100 days or more. About one-third of the income of farm people is now derived from nonfarm sources, principally jobs in local industry.

The point of all these statistics is that the growth of rural industries is of crucial importance to the Nation's farming families. Without local jobs and other nonfarm opportunities, to supplement their incomes, many thousands of fine families would be forced to sell out and join the migration to our already crowded cities.

For this reason, I have long been a strong supporter of the rural development program approach inaugurated by the Department of Agriculture a few years ago. This program works with local groups in farming communities and trade centers to promote more opportunities and jobs. I have watched the development of this program in my own State, in the northern cutover region where many of our fine families are having a very difficult time making ends meet. I have said all along that rural development is fine as far as it goes. But the program does not go far enough, and does not have enough equipment to do the job.

The area redevelopment legislation we are discussing today would provide this

equipment. It very wisely includes the provision of credit for industrial building, grants for public facilities, technical assistance, and retraining in low-income areas. Significantly, this legislation would naturally strengthen the hand of local leadership in their grassroots campaign to promote development, economic growth, and diversified industry.

As the Secretary of Agriculture said in testimony on this legislation, it will make possible a rural enterprise program that is soundly based upon local leadership and organizations already at work, but the legislation includes a tool that is now missing and badly needed. This tool is credit backed by technical assistance and job training.

PROJECT MIKE

Mr. HUMPHREY. Mr. President, there was recently called to my attention a most sincere and heartwarming story. Because it touched me so deeply, I wish to share it with my Senate colleagues in the hope that they will lend their wholehearted support to a fundraising campaign now being conducted through the American Korean Foundation of New York.

Chang Chull, nicknamed Mike, is a young 19-year-old Korean lad who serves as an interpreter for the Continental Service Club at the 168th Medical Battalion, a few miles east of Seoul. Since the age of 9, Mike has been alone in the world. Many, under such conditions, would have lost their incentive and purpose for living—but not Mike. His intellectual curiosity gave him the will to live. Thus, he not only supported himself, but also put himself through school. In fact, he graduated from high school just last month, February, near the top of his class.

Mike's one desire is to attend medical school. The men of the 168th, knowing and loving Mike, ask for our help in backing Project Mike, a fundraising campaign now being conducted with Mike's goal in mind. What an opportunity this is for the American public to indicate their sincerity in wishing to utilize all means to implement world peace through people-to-people relationships. Not only Mike's future, but also the future of Korea is involved. If we can contribute in any way to provide more medical aid, as well as intelligent leadership abroad, then let us do so.

Mr. President, I am most hopeful that my colleagues will alert their constituents to this admirable cause initiated by our boys in the 168th Medical Battalion. Contributions should be sent to Project Mike, American Korean Foundation, 345 East 46th Street, New York 17, N.Y.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Do I correctly understand that the time consumed by the Senator from Minnesota has been yielded by him to himself from the time on the bill?

The PRESIDING OFFICER. The Senator from Minnesota indicated his understanding that the time was to be taken in opposition to the amendment.

Mr. JAVITS. Mr. President, I shall be very brief, because we have an understanding as to the procedure tonight. I shall merely spread upon the RECORD what I propose by the amendment, so that Senators may have an opportunity to consider it overnight.

What I propose is to strike out the material in parentheses, which allows "machinery and equipment in cases of demonstrated need," using the words of the bill, to be the basis for aid under the bill in any redevelopment area.

The scheme of the bill is such that the aid under the bill in any project in a redevelopment area, if my amendment is accepted, will be "land and facilities for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings."

The real issue presented by my amendment is, Shall we or shall we not allow a municipality or other redevelopment authority to include machinery and equipment in what would be offered in order to attract industrial entities into a particular redevelopment area.

Mr. President, I speak as a friend of the bill. I am one of the bill's cosponsors. I believe I have demonstrated today by my voting that I am a friend of the bill and I am a friend of prompt action.

I speak now as a Senator from a large State—indeed, the principal industrial State in the United States—having an interest in accord with other States similarly situated, such as Pennsylvania, or Michigan, the State of the distinguished Presiding Officer [Mr. HART].

We have a certain similarity of interest in the proposal. We all wish to help, I think. I believe the Senate will pass the bill in some form which will be fairly close to the form in which it was introduced. I believe the voting today has so demonstrated.

We wish to help distressed areas. Indeed, we wish to give them every opportunity to attract business.

We have gone to very great lengths in the bill. I believe the Senator from Connecticut [Mr. BUSH] and the Senator from Maine [Mr. MUSKIE] are entitled to very great credit for what has been done—and I shall discuss it in detail tomorrow—in respect to tightening up the so-called antipirating provisions; in other words, the provisions which will prevent the redevelopment areas from bidding for the business which is now in States such as Michigan, New York, Pennsylvania, and other industrial States.

I think that job has been done very well in the bill. What my amendment

seeks to provide is protection with respect to normal competition which goes on among the 50 States for the location of industries and the attraction of business to the individual States.

We must understand that this competition will continue notwithstanding the fact that there is a Distressed Areas Act. We shall continue to have competition among the States. Even a State which is replete with depressed areas of the character meant to be helped by the bill—let us consider a State like our sister State of West Virginia—will compete for business. West Virginia is trying to get business now, and I am sure will continue to try to get business after the bill passes, not only for the redevelopment areas, but also for every other part of the State.

At the same time we tighten the antipirating provisions let us give protection with respect to the taking away of a plant from us—speaking of "us" in terms of major industrial States.

What we have not yet done is to right the competitive balance with respect to normal competition which existed before, which still exists, and which will continue among the States, for new business.

I do not wish to give to the redevelopment areas, under the terms of the bill, a special advantage in addition to the normal competitive advantage which will be given by aid to the State. In short, I am trying very hard by the amendment to give traditional help to the distressed areas, but not to go outside of the traditional help to a different area which will give the redevelopment areas a direct advantage in the normal competition among the States for business.

It is my view that the machinery and equipment is what would break the camel's back. If we add to the right to deal with industrial structures, in order to attract business into a community—which is fairly traditional—the opportunity for facilities in a municipal sense; the opportunity for tax abatement, which is a normal way of attracting business—the right to give a new entrepreneur in a particular community a plant fully equipped with machinery and equipment, we are overweighting the competitive factor, I think, unfairly.

This is a hotly controverted issue and has been controverted before in respect to the bill, but I am buttressed by one other point. We know, as a matter of practical commercial experience, that it is possible for any kind of viable business to get machinery and equipment on very long-term credit—subject to mortgages and so on, but on very long-term credit. In a sense, the ability of a new enterprise to get machinery and equipment to enable it to start involves a sanction which the private enterprise system puts on that particular business to demonstrate its viability. At least some independent private enterprise entity will have to determine whether it is worth while making even a long-term deal with a particular business in a redevelopment area.

I think that is an extremely valuable sanction to us in respect to the bill, to make sure that communities will not

go overboard in respect to the kinds of businesses they will establish.

If a community with redevelopment aid under the terms of the bill can give someone a complete plant—land, buildings, machinery, and equipment—it seems to me we deprive ourselves not only of the important competitive factor which I described a while ago but also of some independent judgment by some other business entity that the new enterprise is worth giving a certain amount of credit, a certain amount of backing in the form of machinery and equipment. That is traditional. That is the custom.

Many people starting a business have obtained machinery and equipment because they showed aptitude, skill, and plans which impressed the sellers of the machinery and equipment enough to entice them to make a deal on some basis which enabled the people to go into business, with practically no money but still with some hope of success.

For those two reasons I have, as a friend of the bill, and also as a Senator from a large State with a very real competitive interest in the new business which is constantly available in our country which can be attracted by any State—whether a State has redevelopment areas in it or not, or many of them, or as many as other States—a duty to press this point upon Congress, and it is for that reason that I have offered the amendment. I consider it a very serious and a very important point. Indeed, I have gone so far as to ask for the yeas and nays with respect to it.

Mr. President, in deference to our arrangement with respect to adjourning at an early hour, I should like now to reserve the remainder of my time on the bill and yield the floor to my distinguished colleague from New York to speak 10 minutes on the bill.

Mr. KEATING. Mr. President, I heartily support the amendment which has been offered and so ably presented by my distinguished colleague. I have something more to say on that subject tomorrow. I hope Senators will read the amendment carefully and will read his presentation of it tonight.

I wish to say a few general words about the bill, and to place in the RECORD a very constructive reference to proposed area redevelopment legislation which comes from the Rochester Chamber of Commerce.

Realizing that there are problems that require attention in distressed areas throughout our Nation, the board of trustees of the Rochester chamber has laid out seven provisions which in the opinion of the governmental affairs council of the chamber are necessary to the success of any legislation in this field.

The provisions mentioned by the council are certainly worthy of the attention of the Senate. I therefore urge that they be read by Senators who are concerned with this proposed legislation, and I ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

To the Board of Trustees of the Rochester Chamber of Commerce:

Your governmental affairs council has studied proposed Federal legislation for the purpose of instituting programs of assistance to economically distressed areas of the United States. Your council presents its conclusions on this subject for your consideration.

The principal proposals for Federal action in this area are contained in S. 1 (Mr. DOUGLAS) and S. 9 (Mr. DIRKSEN) which would set up an area redevelopment administration within the Federal Government. The bills differ somewhat in detail, but in general would provide loans, grants, technical assistance, vocational training, and retraining to areas having "substantial and persistent" unemployment as defined by each of the acts.

Without going into the lengthy detailed provisions of each of the bills, it may be noted that neither one is likely to be enacted in its present form but that some legislation to assist distressed areas will probably be passed at this session of Congress.

With this fact in mind, your governmental affairs council recommends that any legislation designed for this purpose contain the provisions as indicated below. Your council favors Federal action in this general area only if it is of a type which will actually serve the purpose for which it is enacted and will not represent undesirable interference on the part of the Federal Government in local affairs.

The provisions recommended by your council are as follows:

1. The establishment of an Area Development Administration should be placed within the organization of the Department of Commerce rather than as an independent agency;
2. The doctrine of home rule should be followed; namely, that the Federal Government act in this distressed areas field as much as possible through local governments;
3. Any Federal assistance should be given only on the basis of up-to-date analyses of statistics gathered on a uniform basis in the various areas of the United States;
4. Any distressed areas bill should provide encouragement to workers in the areas which are so designated to relocate elsewhere in order to diminish the area's economic distress;
5. Technical assistance to local governments and citizens' groups in such areas should be given to (a) reestablish former industries, (b) establish new ones under a research and development program, and (c) help in strengthening existing industry;
6. Technical assistance to a community should be made available by the administrator not only to specifically designated distressed areas but to any area which could use such a program (self-help, do-it-yourself, bootstrap operation) in maintaining or improving its economic health;
7. Vocational training programs should be provided as a supplement to the establishment of new industries in the designated areas.

These provisions are, in the opinion of your council, necessary to the success of any legislation in this field. At the same time your council believes that loan and grant functions, whether for public facilities or private businesses, should not be incorporated into such legislation. In the first place, such powers would be outside the regular control and review of Congress. Second, there are already adequate Federal financial facilities through which a distressed areas program could be operated, such as those created by the Housing Act, the Small Business Administration, the Community Facilities Act, and others, not to mention the many nongovernmental sources of financing.

Respectfully submitted for the Governmental Affairs Council.

CHARLES L. GOOD,

Council Chairman.

E. WILLARD DENNIS,

Chairman, Committee on Local, State, and Federal Relationships.

(The foregoing statement was prepared as a result of meetings held on February 24 and March 3, 1961, with the following members attending: Carey H. Brown, Newton B. Castle, Benjamin R. Crosby, E. Willard Dennis, Thelma S. Ellis, Charles L. Good, Harold S. Hacker, John R. Larimer, Robert E. O'Brien, William B. Pond, Arthur Richardson, Harold J. Roche, R. F. Stark, John W. Tarbox, Elmer H. Taylor, Gilden R. Van Norman, G. Harold Warnock, Ward H. Whipple.)

Mr. KEATING. Mr. President, I also ask unanimous consent that, in addition to this statement of the governmental affairs council, there be printed a statement of the trustees of the chamber of commerce. As will be noted, the full chamber supports the Federal action "if it will not represent undesirable interference on the part of the Federal Government in local affairs."

I think that the present bill already meets a number of the seven criteria outlined by the council. Several others of these points will be covered by amendments presently before the Senate, such as the one presented by my distinguished colleague. I ask unanimous consent that the statement of the trustees of the chamber of commerce be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE ROCHESTER CHAMBER OF COMMERCE CONCERNING DISTRESSED AREAS LEGISLATION

The Rochester Chamber of Commerce has studied proposed Federal legislation for the purpose of instituting programs of assistance to economically distressed areas of the United States and presents its conclusions herewith.

The principal proposals for Federal action in this area are contained in S. 1 (DOUGLAS), S. 9 (DIRKSEN), and H.R. 4659 (SPENCE) which would set up an area redevelopment program within the Federal Government. The bills differ somewhat in detail, but in general would provide loans, grants, technical assistance, vocational training and retraining to areas having substantial and persistent unemployment as defined by each of the acts.

The Rochester Chamber of Commerce favors Federal action in this general area. However, such action is endorsed only if it will not represent undesirable interference on the part of the Federal Government in local affairs and private business. The Rochester chamber recommends the following provisions in legislation designed for this purpose:

1. The establishment of an Area Development Administration should be placed within the organization of the Department of Commerce rather than as an independent agency;
2. The doctrine of home rule should be followed; namely, that the Federal Government act in this distressed areas field as much as possible through local governments;
3. Any Federal assistance should be given only on the basis of up-to-date analyses of statistics gathered on a uniform basis in the various areas of the United States;

4. Any distressed areas bill should provide encouragement to workers in the areas which are so designated to relocate elsewhere in order to diminish the area's economic distress;

5. Technical assistance to local governments and citizens groups in such areas should be given to (a) reestablish former industries, (b) establish new ones under a research and development program, and (c) help in strengthening existing industry;

6. Technical assistance to a community should be made available by the Administrator not only to specifically designated distressed areas but to any area which could use such a program (self-help, do-it-yourself, bootstrap operation) in maintaining or improving its economic health;

7. Vocational training programs should be provided as a supplement to the establishment of new industries in the designated areas.

The Rochester Chamber of Commerce believes that loan and grant functions, whether for public facilities or private businesses, should not be incorporated into such legislation. In the first place, such powers would be outside the regular control and review of Congress. Second, there are already adequate Federal financial facilities through which a distressed areas program could be operated, such as those created by the Housing Act, the Small Business Administration, the Community Facilities Act, and others, not to mention the many nongovernmental sources of financing.

Mr. KEATING. I realize, of course, that many besides the chambers of commerce are interested in the proposed legislation, but I do wish to commend the chamber on what I feel is a very constructive and farseeing attitude on the proposed legislation. We have had out-and-out opposition from many groups connected with business. This is a very moderate and carefully worded presentation of their position, and, as I say, they are not opposed to all legislation in this field.

I wish to make a few observations about the health of our economy with reference to the proposed legislation before us today.

As was pointed out on Sunday by the Secretary of Commerce, it is clear that our economy is moving forward, and that the slump conditions of recent months are clearing up. I emphasize that this progress has been made prior to the enactment of any of the economic recovery programs now embodied in either this proposed legislation or any other legislation before the Congress.

Our recovery has been the result of inherent positive forces in our economy. I am delighted that this has come about. It illustrates the strength and resiliency of our free competitive enterprise system.

I am very much concerned that, if we substantially alter this system as some would have us do, we will undermine and negate the effect of natural recuperative forces which permit our economy to bounce back when conditions are unfavorable.

I favor the enactment of economic "firecrackers" which will stimulate our economy and move it on a little faster. We do not need TNT or an economic atomic explosion.

I hope that the legislation that is before us will be in such form when we

finish with it that I shall be able to support it.

I wish to cite a few relevant figures which illustrate that our economy is moving forward.

There are clear indications that unemployment is leveling off. Unemployment was 6.8 percent in December, 6.6 percent in January and 6.6 percent in February. These figures are seasonally adjusted. Although there was a slight increase from January to February, the difference was not statistically significant. What is significant is that unemployment for the last 3 months has been fairly steady. We must never be willing to settle for people being out of work. Unemployment, as we all know, involves tremendous human problems that transcend simple statistics.

There are other favorable signs at the present moment. Retail sales increased in February over January. Inventories are down. The combination of increased sales and decreased inventories may well indicate that goods are moving faster, particularly in light of the coming of the spring season.

Nonresidential construction has increased. Heavy construction contract awards have increased.

Almost all economists have commented on the fact that our economy now seems to be moving forward. Looking back, it would appear that we have been through what, by contrast, might be considered a mild recession similar to several which have characterized the postwar period. We have not had, nor should we expect, a severe recession or depression. Our gross national product is only three-tenths of 1 percent below the alltime high of over half a trillion dollars reported in the second quarter of 1960.

I repeat, we are not in an emergency. We must not act as if one exists. I heartily agree that there are serious "pockets" of unemployment and economic distress, which can and do warrant our immediate attention. Many of these pockets of joblessness have long histories of economic woe. Legislation along the general lines of S. 1 will help but we must not be deluded into thinking that this is the end-all and cure-all for our Nation, because we all know that the effects of such proposed legislation will not show until sometime in the future, even if we were to enact it today. But I do think a few general observations on the state of our economy are entirely in keeping, and I am grateful to my colleague for yielding me this time.

Mr. SYMINGTON. Mr. President, the measure we are considering today marks a significant step toward recognition of the fact that when one part of our country suffers, we all suffer.

S. 1 recognizes that chronic unemployment, whether in Missouri, or West Virginia, or New England, is a matter of grave national concern.

It should be emphasized that the Area Redevelopment bill adopts the principle that the major efforts for redevelopment must come from local communities and private groups, not the Federal Government.

The job should not and cannot be done by the Federal Government alone; and local cooperation and hard work is needed if the pockets of chronic unemployment in this Nation are to be effectively eliminated.

The role of the Federal Government can be compared to that of a commercial banker, providing guidance, assistance and funds to rebuild local industries and economies. But the local community must come more than halfway; the major effort rests with private industry and groups.

We have heard a good deal about S. 1 being an uneconomical spending bill. The facts are otherwise. Of the nearly \$400 million provided under this program, \$300 million will be in the form of loans, to be repaid by local governments and industry.

The only major expenditure would be \$75 million in grants to communities for construction of public facilities.

I spent a good many years in business and it is my firm conviction that the program under S. 1 makes good business sense.

This bill is not a hand-out program; nor is it designed to prop up uneconomical business enterprises.

Nor, as spelled out in the bill, will it result in pirating industry from one section of the country to another.

It will provide a pool of capital funds for areas which have the potential for development in terms of human and material resources, but lack the means of getting the initial investment to make full use of this potential. The Federal Government would supply up to 65 percent maximum of the needed capital. The State governments, local governments, and private investors would supply the rest.

Unfortunately, my own State of Missouri has too many areas which could benefit from the program we are considering today. The men and women of these areas, many with highly developed skills, are ready, willing and anxious to work.

Local groups have been formed; in fact, Missouri has 180 community development organizations—the second highest number in the Nation.

All that is lacking in many such chronically depressed areas of my State and many States is the required initial capital.

S. 1 will fill this need.

Therefore, Mr. President, I urge Senate approval of the Area Redevelopment Act, a sensible, businesslike program which will benefit all America.

Mr. DOUGLAS. I thank the Senator from Missouri for his very concise and commonsense address. He has been a tower of strength throughout the whole struggle, as he has in every move that is of benefit to the Nation. I express my deep feeling of obligation to him.

Mr. SYMINGTON. I thank the able senior Senator from Illinois for his kind remarks. This is just another illustration of the hard work and intelligence which characterize bills that he fathers. Millions of Americans who will be added to other millions, will be grateful to the senior Senator from Illinois when the pending legislation is passed. I know

of no greater tribute that I can pay him.

Mr. DOUGLAS. I thank the Senator.

AMENDMENT OF FEDERAL RESERVE ACT AND FEDERAL DEPOSIT INSURANCE ACT, RELATING TO RATE OF INTEREST ON CERTAIN TIME DEPOSITS

The PRESIDING OFFICER (Mr. HART in the chair). The Chair lays before the Senate a communication from the President of the United States addressed to the President of the Senate, relating to rates of interest on time deposits held here by foreign governments paid to domestic depositors. Without objection, it will be printed in the RECORD and, with the accompanying paper, referred to the Committee on Banking and Currency.

The communication from the President is as follows:

THE WHITE HOUSE,
Washington, March 14, 1961.

HON. LYNDON B. JOHNSON,
President of the Senate,
U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am transmitting herewith a draft of legislation which would amend existing law by permitting banks in this country to pay different rates of interest on time deposits held here by foreign governments than are paid to domestic depositors. Also transmitted is a memorandum from the Secretary of the Treasury describing the draft bill and its impact in detail.

The draft bill implements a recommendation contained in my message to the Congress dated February 6, 1961, relating to the balance-of-payments problem. It also complements and supports my directive to the Secretary of the Treasury to issue securities at special rates for exclusive holding by foreign central banks or governments.

If commercial banks are permitted to offer foreign governments higher rates of interest in competition with those existing abroad, those governments will be encouraged to maintain dollar accounts in this country rather than require the United States to convert their dollar accounts to gold for withdrawal. In this connection, it is only these foreign governments and their agencies which can directly purchase gold from the reserve stocks of the United States. However, as stated in my message of February 6, the proposed amendment is but one of a series of actions to be taken to alleviate the gold drain. Indeed, the factors which influence any central bank or government to prefer dollar accounts to gold are many and complex. Interest rates are only one. If we pursue policies of stability and growth inspiring world confidence, foreign governments should respond to higher interest rates on time deposits thereby aiding our gold outflow problem.

This inducement to foreign central bank deposits will have practically no impact on domestic market rates of interest. Moreover, any such impact would be confined to the short-term sector of the market and thus be consistent with national policy objectives.

In the interest of orderly procedure, the draft bill also permits similar treatment of deposits of international financial institutions of which the United States is a member.

I will appreciate it if you will lay the draft legislation before the Senate. A similar draft has been transmitted to the Speaker of the House of Representatives. I urge that the Congress act promptly and favorably on the proposal.

Sincerely,

JOHN F. KENNEDY.

ADJOURNMENT TO 11 A.M.
TOMORROW

Mr. DOUGLAS. Mr. President, in accordance with the order previously en-

tered, I move that the Senate adjourn until 11 a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 43 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Wednesday, March 15, 1961, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate March 14, 1961:

PUBLIC HEALTH SERVICE

Dr. Worth Bagley Daniels, of the District of Columbia, to be a member of the Board of Regents of the National Library of Medicine, Public Health Service, for the remainder of the term expiring August 3, 1962.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Wilbur J. Cohen, of Michigan, to be an Assistant Secretary of Health, Education, and Welfare.

The following named persons to the offices indicated:

DEPARTMENT OF AGRICULTURE

James T. Ralph, of California, to be an Assistant Secretary of Agriculture.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Joseph H. McCann, of Michigan, to be Deputy Administrator of the St. Lawrence Seaway Development Corporation.

FOREIGN CLAIMS SETTLEMENT COMMISSION

Theodore Jaffe, of Rhode Island, to be a member of the Foreign Claims Settlement Commission of the United States.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: Senate passed depressed areas bill. House subcommittee voted to report depressed areas bill. Senate committee voted to report bill to modify restriction farm operating loans. Senate committee reported Murphy and Ralph nominations.

SENATE

1. DEPRESSED AREAS. By a vote of 63 to 27, passed with amendments S. 1, the depressed areas bill. pp. 3733, 3738-51, 3753-3302

Agreed to the following amendments:

- By Sen. Humphrey to permit participation by an Indian tribe in providing a share of funds required for any type of redevelopment program, and to redefine the term United States to include the Virgin Islands. p. 3751
- By Sen. Bush to provide that in formulating standards for the designation of redevelopment areas consideration shall be given to the extent to which rural development projects have previously been located in any such area under programs administered by the Department of Agriculture. p. 3777
- By Sen. Bush to provide that in designating redevelopment projects "not more than one such project shall be located in any one State unless the

Secretary has considered such applications for assistance under this Act as may have come from the several States which apply for such assistance." pp. 3777-8

By Sen. Sparkman to "change the interest rate formula to make it comply with the rate that is now available on college housing loans so far as public facility projects are concerned in redevelopment areas." pp. 3789-90

Rejected the following amendments:

By Sen. Dirksen, 66 to 27, which was in the nature of a substitute for the bill as reported by the committee and which he explained would provide "for \$100 million in community facility loans, \$75 million in loans for the essential purpose of the bill, and then sufficient money for vocational training, for consulting service, and for technical service to assist in providing aid to distressed areas." pp. 3753-64

By Sen. Scott, 57 to 31, which was in the nature of a substitute for the bill as reported by the committee and which he explained was the same as the depressed areas bill (S. 6) he introduced early this session. pp. 3771-7

By Sen. Javits, 61 to 32, to strike from the bill the provision which permits loans on machinery and equipment in cases of demonstrated need. pp. 3733, 3738-50

By Sen. Capehart, 71 to 19, to substitute new language providing a different formula to be used in designating redevelopment areas, and which Sen. Douglas contended would "restrict the assistance under S. 1 to one industry labor market areas in which there is substantial and persistent unemployment." pp. 3764-7

By Sen. Lausche, 55 to 36, to strike out Sec. 8 which provides for public facility grants for industrial or commercial purposes. pp. 3767-70

By Sen. Bennett to strike from the bill language providing that any areas in which a substantial part of the employment has been adversely affected by the reduction of trade barriers under the Tariff Act shall be entitled on application to special consideration as a redevelopment area. pp. 3778-87

By Sen. Long to require that studies be made of the economic effects of the deactivation of permanent military installations in redevelopment areas. pp. 3791-96

2. SUPPLEMENTAL APPROPRIATIONS. Received from the President proposed supplemental appropriation estimates for the Commodity Credit Corporation for fiscal year 1961, in the total amount of \$2,969,525,000 (S. Doc. 19) (p. 3704). The proposed supplementals are for restoration of capital impairment through fiscal year 1960 (\$1,017,610,000); reimbursement for estimated costs of special activities in fiscal year 1961 (\$1,861,915,000); and for estimated 1961 costs of the special milk program (\$90,000,000). These proposed supplemental appropriations will assure adequate financing of the mandatory programs of the Corporation, by restoring its capital impairment as of June 30, 1960, and reimbursing the Corporation for costs estimated to be incurred through the fiscal year 1961 in carrying out the Special Milk program and other special activities. Under the law, the Corporation finances these special activities subject to later reimbursement by appropriations.

3. FARM ORGANIZATIONS. Sen. Humphrey welcomed the 1961 convention of the National Farmers' Union, which is taking place in Washington. He commended the speeches of Secretary Freeman on agricultural policy, of John A. Baker on a farm credit program, and the speech of Under Secretary of State Bowles on American foreign

policy, and he mentioned others who will be addressing the convention including Mr. McGovern, director of the food for peace program. pp. 3744-5

4. ROADS. Received from the President a proposed bill "which will make it possible to complete our Interstate Highway System by 1972"; to Public Works and Finance Committees. p. 3802
5. FARM LOANS; RESEARCH. The "Daily Digest" states that the Agriculture and Forestry Committee, in executive session, ordered favorably reported H. R. 1822, to modify restriction on farm operating loans; and with amendment S. 1028, to extend, on certain products the effective date of Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959. p. D165
6. UNEMPLOYMENT COMPENSATION. The "Daily Digest" states that the Finance Committee, in executive session, "ordered favorably reported with amendments H. R. 4806, proposed Extended Temporary Unemployment Compensation Act of 1961." p. D165
7. MINIMUM WAGE. The "Daily Digest" states that the Subcommittee on Labor, of the Labor and Public Welfare Committee, in executive session, "ordered favorably reported to the full committee without recommendation, S. 895, proposed Fair Labor Standards Amendments of 1961." p. D166
8. NOMINATIONS. The Agriculture and Forestry Committee reported the nominations of Charles S. Murphy to be Under Secretary and James T. Ralph to be an Assistant Secretary. p. 3704
9. WATER RESOURCES. The Foreign Relations Committee reported a treaty between the United States and Canada relating to cooperative development of the water resources of the Columbia River Basin which was signed at Washington on Jan. 17, 1961. p. 3704
10. PERSONNEL. Received from the Joint Committee on Reduction of Nonessential Federal Expenditures a report on Federal employment and pay for Jan. 1961 pp. 3705-9
11. FOREIGN CURRENCIES. Received from the Foreign Relations and Appropriations Committees reports on the use of foreign currencies in connection with foreign travel by members and employees of the committees. pp. 3709-13
12. PEACE CORPS. Sen. Javits discussed the results of a Peace Corps survey "which demonstrates the need for a program to prepare students for work abroad." p. 3732
13. LEGISLATIVE PROGRAM. Sen. Mansfield announced that H. R. 4806, the temporary unemployment compensation bill, will be considered next by the Senate. p. 3803

HOUSE

4. DEPRESSED AREAS. A subcommittee of the Banking and Currency Committee "ordered favorably reported to the full committee H. R. 4569 (amended), to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas." p. D168
5. FOREIGN AFFAIRS. Concurred in S. Con. Res. 7 to authorize the printing as a Senate document a compilation of the studies on United States foreign policy prepared under the direction of the Foreign Relations Committee. p. 3818

Concurred in S. Con. Res. 15 to authorize the printing as a Senate document "A Report on United States Foreign Operations," submitted by Sen. Ellender to the Senate Appropriations Committee. p. 3318

16. LAWS. Agreed to H. Con. Res. 81 to authorize the printing as a House document the brochure, "How Our Laws Are Made." p. 3317
17. RECLAMATION. Agreed to H. Res. 91 to authorize the printing as a House document a publication, "Operating Principles, Fryingpan-Arkansas Project, Adopted by the State of Colorado, April 30, 1959 (as amended December 30, 1959, and December 2, 1960)." p. 3318
18. LOBBYING. The Clerk of the House and Secretary of the Senate jointly submitted their report of the compilation on lobbying required by Public Law 601, 79th Congress, title III, Regulation of Lobbying Act. pp. 3823-47
19. COMMITTEE ASSIGNMENTS. Members were assigned to subcommittees of the Joint Economic Committee. pp. D169-70
20. MINIMUM WAGES; FARM LABOR. As reported by the Education and Labor Committee H. R. 3935, the minimum wage bill, includes provisions as follows:
Raises the minimum wage level in two steps. During the first 2 years after the effective date of the bill the minimum wage would be \$1.15 an hour and thereafter it would be \$1.25 an hour.
Amends the definition of "agriculture" so as to exclude from coverage employees engaged in processing shade-grown tobacco for use as cigar wrapper tobacco, but only if the employees were employed in the growing and harvesting of such tobacco.
Provides that the Secretary of Labor shall study the exemptions in the Fair Labor Standards Act relating to handling and processing of agricultural products, and shall submit a report to the Congress in January 1962, together with recommendations for further legislation to simplify and remove any inequities in such exemptions.
Reduces from 28 to 24 the number of cumulative workweeks during the calendar year in which exemptions from overtime pay requirements are available to certain processors of farm products, particularly processors, packers, and canners of perishable or seasonal fresh fruits or vegetables.

ITEMS IN APPENDIX

21. ELECTRIFICATION. Extension of remarks of Sen. Engle commending Interior Secretary Udall in acting "expeditiously" to improve the marketing facilities for the electric power produced by Federal water projects, and inserting announcements on this subject. pp. A1792-3
22. FARM LABOR. Extension of remarks of Sen. Williams, N. J., inserting an article, "The Most Disadvantaged Children," and stating that it describes the difficulties faced by migrant children, and also records a favorable attitude toward proposed Federal legislation for migrant education. p. A1798
23. ECONOMIC SITUATION; EMPLOYMENT. Extension of remarks of Rep. Jonas inserting a series of three articles on the subject of the President and the economy. pp. A1798-9, A;812-3, A1821
24. FOREST PRODUCTS. Extension of remarks of Rep. Boykin inserting several articles describing how W. D. Harrigan, founder of the Scotch Lumber Co., had aided in

Soviet Russia whereby the Soviet Russia renounced all claims to the Lithuanian territory for all times and recognized the independence and sovereignty of Lithuania; and

"Whereas on September 28, 1926 the Soviet Union signed a nonaggression treaty guaranteeing the integrity of the Lithuanian territory and on July 5, 1933, signed a convention defining aggression as follows:

"An aggressor shall be that state which commits any one of the following acts:

"1. Declares war against another state;

"2. Invades by its armed forces even without a declaration of war, the territory of another state;

"3. Attacks by its land, naval, or air forces, even without declaration of war, the territory of another state.

"4. No consideration of its political economic, military, or any other nature shall serve as an excuse for justification of aggression, as specified in foregoing articles"; and

"Whereas the last bilateral treaty between Lithuania and the Soviet Union was the mutual assistance pact concluded on October 10, 1939, reaffirming the aforesaid treaties and pledges and agreeing to solve all differences by peaceful means and refraining from participating in any alliance or coalition directed against either party and specifically stating that 'the realization of this treaty must not interfere (not infringe upon) the sovereign rights of the contracting parties, especially the structure of the state, their economic, political, or social systems'; and

"Whereas October 3, 1939, the Soviet Minister of Foreign Affairs, Molotov, supported by the Supreme Soviet, reaffirmed the pact and further proclaimed that 'This treaty stipulates the inviolability of the sovereignty of the signatory states and the principle of nonintervention in each others internal affairs,' and further declared, 'We stand for scrupulous observance of treaties and declare that all nonsense about sovietization of the Baltic States is only to the interest of our enemies and all anti-Soviet provocateurs;' and

"Whereas the same Minister of Foreign Affairs, Molotov, on September 28, 1939, had already entered into a secret agreement with the Nazi German Reich Minister of Foreign Affairs J. Von Ribbentrop, assigning Lithuania to Russia and the biggest part of Poland and a small section of Lithuania, to Germany; and

"Whereas the Soviet claim was that Lithuania was occupied as a war necessity and that after the war was over, Lithuania would be a free country again: Therefore be it

"Resolved, That all freedom loving countries which believe in democracy and freedom declare themselves to avoid any talks, conferences, discussions, and enter any agreements with the Soviet Union which broke every agreement, every treaty, pledge, or promise in the last 45 years, until Lithuania, all the Baltic States, and other occupied countries are freed and their independence restored; and be it further

"Resolved, That the United States and all the democracies cease supporting the United Nations until they cease being an international farce bent upon appeasing large powers and thus sacrificing small nations by failing to demand the restitution of their freedom; and be it further

"Resolved, That the restoration of freedom to Lithuania be placed on the agenda of the United Nations by our Ambassador Adlai E. Stevenson, and that the representatives of Lithuania be given full rights to present their case; and finally be it

"Resolved, That all Americans of Lithuanian descent beseech the Government of the United States to take a firm stand and definite action to safeguard the freedoms and liberties of those in Soviet bondage before

we lose our friends abroad and the respect of the free world.

"V. BRAZIULIS,
President, Lithuanian Alliance of America, Cleveland Section No. 14.
"MARY MISCHIK, Secretary."

Mr. MANSFIELD. Mr. President, is morning business concluded?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there further morning business? If not, morning business is closed.

AREA REDEVELOPMENT ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Senate 1 be made the pending business, despite the fact that it is not yet 1 o'clock.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senate will proceed to the consideration of the bill.

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS] to the committee amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

Mr. MANSFIELD. Mr. President, do I still have the floor? The reason I make the suggestion is that I should like to have a quorum call at the appropriate time.

Mr. JAVITS. Mr. President, if the majority leader wishes to do so, very well. I would not like to yield time from the time allotted to me. I think I have only 45 minutes left. Would the majority leader be willing to take it out of the joint time?

Mr. MANSFIELD. Mr. President, has the amendment before the Senate been read?

The PRESIDING OFFICER. It has been read.

Mr. MANSFIELD. Then I ask unanimous consent that I may suggest the absence of a quorum without the time being taken out of the time allotted to this amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. JAVITS. Mr. President, reserving the right to object, I suggest to the majority leader that the yeas and nays have been ordered on the amendment.

Mr. MANSFIELD. The Senator is correct.

Mr. JAVITS. Should not the quorum call be continued, since there will be a yea and nay vote?

Mr. MANSFIELD. That is true. However, permission was granted to certain committees to meet until 12 o'clock. I suggest, if it is agreeable to the Senator from New York, that we proceed, and suggest the absence of a quorum later. Senators will be coming to the Chamber anyway.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. BRIDGES. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. Mr. President, I ask unanimous consent that I may yield to the Senator from New Hampshire without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

HOT FRONT IN THE COLD WAR

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a penetrating analysis of the economic aspects of the cold war, prepared by Maj. Gen. Julius Klein, retired.

Major General Klein, who is well known throughout this country and abroad for his distinguished ability in civic, business, and military affairs, unquestionably is a highly qualified observer of the economic problems inherent in this extremely complex situation. He has rendered valuable service to this country in the past, for example, with regard to the preparation of studies conducted under the auspices of the Senate Appropriations Committee.

His most recent contribution to our understanding of the nature and tactical objectives of the Soviet economic war against the free world presents yet another highly useful public service. His well-prepared analysis was the subject of an interview with the Chicago Tribune followed by a story based on that interview in the Sunday edition of the Tribune of October 9, 1960. I ask unanimous consent that this newspaper summary by Wayne Thomis be printed in the RECORD at the conclusion of that portion of General Klein's analysis entitled "Hot Front in the Cold War."

There being no objection, the analysis and article were ordered to be printed in the RECORD, as follows:

HOT FRONT IN THE COLD WAR

(An analysis of the U.S. position in the global economic conflict with the U.S.S.R., by Maj. Gen. Julius Klein, retired)

(Maj. Gen. Julius Klein, retired, is a former Chicago newspaperman and foreign correspondent who now heads an international public relations firm. He has been called upon frequently to conduct special studies for committees of the U.S. Senate and Federal agencies on the administration of U.S. foreign aid programs. His firm, Julius Klein Public Relations, Inc., represents United States and European industrial organizations engaged in international trade and investment. General Klein's analysis of problems confronting the Western nations in coping with the mounting Soviet economic offensive is an outgrowth of numerous surveys he has conducted for his clients as well

as for the U.S. Government. Material contained in this analysis has been obtained from authoritative sources in the United States and Europe.)

THE U.S. ECONOMIC STAKE IN EUROPE

Millions of words have been expended in recent years to adduce comparisons between the relative economic growth rates of the United States and the Soviet Union.

Rival pundits have predicted, on the one hand, that the U.S.S.R. is on the road to economic supremacy over the United States and, on the other hand, that inherent drawbacks in the Soviet economy assure that East and West will be able to coexist peacefully for an indefinite period.

Statistics can be shaped to support either view, as long as they fail to take account of the political and psychological factors that are at play. Those who confidently predict that coexistence will prove feasible argue that in time the Soviet citizen will wear himself out politically and that this ideological attrition will lead to a progressive decrease in Soviet economic productivity.

These hopeful speculations have built-in errors and dangers. They ignore the central fact that the Soviets have demonstrated an uncommon ability to organize both the will to work and their national productive capacity. The hard truth is that the Soviet economy has shown an unusual growth rate over a considerable number of years. By 1957, Soviet industrial production was 40 percent of the U.S. level and about 70 percent of the western European production. Should present rates of growth remain constant, the Soviets by 1965 will be producing at 90 percent of the U.S. rate.

In estimating the future pace of economic development, Western savants make the mistake of hinging their comparisons of the rival systems to the standards of living that obtain on each side. The Soviets cannot, of course, match the Western nations in the creature comforts that go with gracious living. It may well be possible to travel from the Crimea to Siberia without ever finding an electrical cocktail mixer on Soviet store shelves. But what is overlooked is that the production of such gadgets is totally irrelevant to the requirements of Soviet designs for world domination, the sole criterion that is applied to every phase of Soviet life.

The virility of Soviet productive capacity is perhaps most sharply evident in its rate of agricultural production, particularly in the wake governmental relaxation of the once harsh collective farm policies. Discerning tourists have seen no sign of ideological or productive weakening. It would, therefore, be suicidal folly to assume that Soviet agriculture will continue to lag behind U.S. farm production.

An even more threatening portent is to be found in the field of foreign trade, where the Soviets have been waging an all-out offensive. Maximum efforts are being made to obtain credits and favorable terms of payment. Meanwhile, the Soviet economy is buttressed by a great wealth of natural resources and the U.S.S.R.'s organization as a push-button state that can switch its economy in any direction without difficulty. This high degree of flexibility raises the question of whether the Soviets are nearing a position from which they strike damaging blows at U.S. economy, and whether they can enlist the services of other economies for their political aims.

That such a design is in being cannot be doubted. Already, several nations have found themselves hip deep in crises because, for reasons best known to the Soviets, trade was abruptly terminated, forcing the dependent states to scurry about for new markets.

One of the most ominous developments of the cold war is the emergence of the pos-

sibility that some sectors of the European economy could come to depend on trade with the Soviets. In Europe, just as in the United States, nothing is more feared than the thought of an economic recession. Any offer of trade would then be acceptable, provided it offered a path, no matter how tenuous, toward fending off the specter of unemployment. Meanwhile, the Soviet's captive states in Europe give the Kremlin a number of advance strongholds which already maintain extensive trade relations with the Western States. There can be no doubt that these satellites function under the central direction of the Soviets and constitute direct arms of Soviet policy in Europe.

The dread significance of the Soviet trade foothold in Europe is that it reduces the necessity of military conflict to achieve Soviet objectives. With skillful manipulation, trade relations could be further extended with European states—probably against a background of soothing talk from the Soviets on the theme of co-existence—and then suddenly suspended with devastating impacts on Europe's economy.

Could such a move affect the U.S. economy?

It might be argued that U.S. exports and imports are a relatively small factor in the total U.S. economy and their loss could therefore be sustained without major ill effects. To accept so soothing a conclusion would be a tragic error. Whether we like it or not, the entire structure of international relationships has produced so marked a degree of interdependence that serious economic disturbances in any one sector can set off damaging tremors that affect all.

The Soviet economy, bolstered by the resources of its satellites and the economic potential of other European states, would give the U.S.S.R. a degree of power that would constitute a direct political and economic threat to the survival of the United States.

It is obvious that the United States could not afford to look on complacently if the economies of its friends in Western Europe were to be severely shaken or unhinged. It is equally obvious that the United States, no less than any other individual nation, would soon find itself in a vise if it had to depend entirely on itself.

The measure of the Soviet economic challenge is to be seen in the fact that the industrial production of the states that make up the European Economic Community is lagging behind U.S.S.R. production. Should the Soviets contrive to harness the European economic potential for their own purposes, the productive capacity of such an economic bloc would quickly surpass the U.S. capability by a wide margin. By 1965, the crude steel production of such a bloc would be 25 to 30 percent higher than the U.S. capacity. Similar ratios would apply to chemical products and machinery. As long ago as 1957, U.S. exports amounted to \$20,600 million, while exports of the European Economic Community states came to \$32 billion.

The sobering conclusions to be drawn from continuing Soviet economic incursions do not require emphasis. It would be courting national suicide to assume that the U.S. economy is sufficiently shockproof to warrant a sense of full security. Europe's economy cannot be permitted to fall into the hands of the Soviets, either through yielding to the narcosis of the Soviets' coexistence line or through naked force. More than at any time in the history of this century, the economic security of the United States, like that of the Western European nations, is vitally dependent on the development and execution of bold and unwavering policies within Europe itself.

It would be an invitation to disaster to assume that the Soviets are prepared to act in accordance with the principles of economic commonsense or to sacrifice their political

aims to ideals of friendly cooperation. Any time it suits Soviet plans, or proves necessary to the achievement of their goals of world hegemony, they will not hesitate to initiate what they would regard as a reasonable destruction of non-Communist economies, even if this would require an extremely unreasonable use of economic resources.

The compelling logic of the Soviet design is that the security of Western Europe's economy is vital to American self-interest. To abandon our friends in Europe, even without the incidence of a war, would be to abandon ourselves.

THE SOVIETS' ECONOMIC SPIDER WEB

Initial Soviet reaction to the Marshall plan in 1947 appeared to reflect a disposition to cooperate in the multilateral economic reconstruction plan organized on U.S. initiative. But in one of the acrobatic policy shifts that has become the hallmark of Soviet tactics, Vyacheslav Molotov, in July 1947, walked out on the Paris Marshall Plan Conference. The Soviets' satellites were ordered to disassociate themselves promptly from any further participation in the Marshall plan.

Three months later, in October 1947, the Kremlin spawned the Cominform and the era of the cold war was born. The U.S.S.R. turned full speed ahead to the prosecution of its doctrinaire objectives. It set out to strengthen its war potential while at the same time establishing the production allocations necessary to its goal of sapping and destroying the political and economic foundations of the countries of the free world.

The breakneck pace of the Soviet economic offensive has become most sharply discernible in its effect on world raw material markets. Soviet pressures have been most insistently felt in trade currents affecting non-ferrous metals (tin, zinc, aluminum, etc.). Some muddled, though hopeful, observers contended that Soviet tactics resulted from a domestic economic dilemma; they argued that the Soviets' market manipulations could be explained by Russian surpluses of tin, zinc and aluminum, against a shortage of copper. Nevertheless, the Soviets managed to play havoc with the Western raw material economy in the nonferrous metals sector. But a grinning Khrushchev could chortle, "You ain't seen nothing yet."

The Western nations were brought to a shocking realization that they could be hit harder and even more painfully by Soviet inroads in the Afro-Asian countries.

During his visit to the United States, Soviet boss Khrushchev blandly conceded that the economic assimilation of the newly developing countries was a cardinal objective in his economic and trade offensive against the Western nations. To a query by an American trade union leader as to why the Soviets preferred to extend economic aid to newly developing countries via bilateral agreements rather than through neutral international institutions such as the United Nations, the Soviet dictator replied: "The bread of bilateral agreements is not tainted. If it tastes of socialism that is a pleasant taste."

This was a deliberate understatement of an extremely complex situation. In point of fact, the Communist countries regard bilateral agreements as essential to strengthening their negotiating position in relation to weaker trade partners. Once they are induced to sell raw materials in return for credits and technical assistance the newly developing countries soon find themselves enmeshed in a Communist economic spider web. Trapped into a debtor position, these countries are not long in discovering that the Communist states demand particularly high prices for their export goods to the underdeveloped lands. What hopes may be spurred for the achievement of satisfactory economic levels are completely at the mercy of the Communists; the larger the propor-

and equity. Nor would it be possible to find an acceptable legal common denominator for the French settler in Algeria and the nationalist guerrilla, for Boer and Bantu in South Africa.

Our thinking on international affairs will be much clearer and more realistic if we can clear our minds of the common delusion that there is an institutional gimmick for every difficulty. Constitutions and treaties are, after all, scraps of paper which derive their ultimate sanction from the character and good faith of the peoples who live under them and the governments which sign them.

The British statesman William E. Gladstone referred to the American Constitution as "the most wonderful work ever struck off at a given time by the brain and purpose of man." Most Americans would be inclined to agree. Yet it is quite probable that the American people, with their inherited instinct for liberty under law, would have maintained orderly self-government even under a less impressive instrument.

On the other hand it is unlikely that a committee composed of the most eminent masters of political science, of men like Locke, Montesquieu, de Tocqueville, Adams, and Madison, could devise a constitution that would function effectively in the Congo, or in some other backward and disturbed areas of the world today.

It is men who determine the validity of documents, not documents that shape the actions of men. It is crucial that Americans realize their own concept of institutions, and their respect for them, has almost no meaning through much of the world.

GROWING POWER OF THE FEDERAL GOVERNMENT

Mr. BRIDGES. Mr. President, we cannot be reminded too forcibly or too frequently of the dangers of big government and its tendency to tax and tax and spend and spend.

Foster's Daily Democrat, a newspaper serving the southeastern part of New Hampshire since 1873, has called this fact to our attention in an excellent editorial dated March 10, 1961.

The editorial reminds us that our tax money is dissipated by administrative costs in Washington, partly channeled to other States and partly returned to the taxpayers of New Hampshire. Meanwhile, new agencies and departments are added to our Federal Government that require more and heavier spending and the cycle goes on.

I commend this fine editorial to my colleagues and request unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GROWING POWER OF FEDERAL GOVERNMENT

During the past few weeks economists have been showing some concern over the rapid increase in indebtedness in the United States, particularly private debt, and State and municipal debt.

Private debt of individuals in the United States has gone up \$441 billion since World War II to a total of \$581 billion. State and municipal debt has climbed from \$46.3 billion to \$60 billion in the same period.

Leftwing economists argue that debt rise goes along with expansion and growth. In many cases States and cities are heavily in debt, relative to income (Dover is a typical example). Private debt at \$581 billion is immense. Say the planners: It may be necessary to find new ways to use the Federal

Government's borrowing power to finance growth.

Along this line it is proposed to set up a new Government department on Cabinet level, that of Housing and Urban Affairs. In our opinion it is one more step in the move to make this Nation a purely socialistic state.

When are the American people going to wake up to the fact that all Federal money comes out of their own pockets? Of every dollar in Federal taxes raised in New Hampshire at least 25 cents remains in Washington in the form of administrative costs. Another heavy slice goes to some of the less wealthy States in the South. What is left for us is probably about 65 cents out of every dollar.

When are people going to realize that it would be more economical to tax themselves directly for local improvements, rather than to pay a 50-percent bonus to the Federal Government for creating hundreds of hidden taxes in addition to some direct taxes?

We go along with many economists in declaring that local people know more about their needs than does the Government in Washington. Less costly Government aid, rather than more, should be what we seek. If the Federal Government would let up on taxation, and permit local and State government to take over more of this responsibility, the better off would all of us be. That is perhaps too much to expect.

We hope that the idea of creating a new department in Washington to take over more of the responsibilities that belong to us as citizens of Dover, and other New Hampshire cities, will not go through.

TRIBUTE TO HERMAN A. LOWE

Mr. BRIDGES. Mr. President, the great circle of friends of Herman A. Lowe was saddened Monday to learn of his sudden passing on Sunday at Philadelphia. He was a prominent Washington correspondent for various newspapers and periodicals for a number of years and was one of the most astute journalists in the press corps.

He was an alert and conscientious correspondent and he had the keen ability of determining the political implications of daily events in the Nation's Capital.

Herman was a good friend of mine for years and I always enjoyed my association with him. He and his widow, Florence, made an excellent newspaper team and kept their publication clients up to the minute on all events of importance. It was only a few years ago that he left his Washington assignment to accept a key position with the Albert Einstein Medical Center in Philadelphia. However, his many years of newspaper work and public relations activities in Washington and Pennsylvania prompted him recently to decide on returning to Washington to reestablish his correspondence work. This was closer to his heart and he was looking forward to opening a news bureau within a few days.

Herman Lowe was very well known in my State of New Hampshire because of his excellent news coverage for the Manchester Union and the New Hampshire Sunday News.

Mrs. Bridges and I want to join his legion of friends in extending our deepest sympathy to his widow, Florence, and to their wonderful daughter and son.

THE ISSUES OF HUNGARY AND TIBET BEFORE THE UNITED NATIONS

Mr. BRIDGES. Mr. President, these days we hear a great deal about the image of the United States of America abroad.

Unfortunately, we have learned through bitter experience that false theories about America and American ideals have spread throughout the world in the past with little or no justification.

It is with this in mind that I invite attention to disturbing reports of attempts by this country's Ambassador to the United Nations to postpone until a later date debate on the issues of Hungary and Tibet. I have noted the timely statement made before this body by the junior Senator from New York [Mr. KEATING], with which I agree wholeheartedly. Yesterday I sent a wire to Ambassador Stevenson setting forth my views in this regard. I ask unanimous consent that the text of this wire be printed at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MARCH 14, 1961.

Hon. ADLAI E. STEVENSON,
U.S. Ambassador to the United Nations,
United Nations Building, New York, N.Y.:

I am greatly disturbed by reports that several items, including the Hungary and Tibet issues, may be postponed from the current agenda of the United Nations. In my estimation such action would be a grave mistake and could only set the stage for further conquests and slaughters of equal magnitude in the future.

I am convinced that the Hungarian and Tibetan issues need to be discussed fully at an early date. This is vital if we are to show the rest of the world that we neither condone nor do we take lightly unwarranted aggression by Soviet Russia or Communist China.

To postpone debate on these issues would be too great a price to pay for creating a quieter international climate for negotiation on other matters. I urge you to resist any temptation to allow these issues to be deferred to a later session of the General Assembly.

STYLES BRIDGES,
U.S. Senator.

Mr. BRIDGES. Mr. President, for the life of me, I cannot understand what we hope to gain by seeking deferment of a thorough airing of the events surrounding the Hungarian and Tibetan massacres. From what I can piece together in the news reports, it would appear that we are seeking to either save time in order to concentrate on other measures or to create a favorable international climate for discussion of other topics.

I fully realize the importance of other matters on the United Nations agenda, with particular reference to the Congo crisis, but I submit that we are wasting a great deal of time trying to save time.

On the other hand, the unfavorable international climate which we are trying to rectify is not of our making. It was created by such incidents as the inexcusable and indefensible slaughters of the peoples of Hungary and Tibet.

One does not cure cancer with a Band-aid.

And we are not going to calm world tensions by placing a huge adhesive plaster over the wounds of Hungary and Tibet.

I sincerely hope that the reports of our desire to postpone action on these two issues will not mislead peoples of other nations into thinking that the United States considers these acts of aggression to be unimportant. We consider the loss of a single life to be all important, and the senseless murders of countless Hungarians and Tibetans is not treated lightly by any American.

I would hope that these problems will be discussed as soon as possible in order that responsibility might be firmly fixed and our position made decidedly clear.

We have nothing to lose by a complete disclosure of these facts but I fear that we have much to lose by vacillating on such important matters.

I thank the distinguished Senator from New York.

Mr. JAVITS. I believe the Senator from New Hampshire is absolutely correct in urging that the United Nations at our behest, if no other—and I am sure there will be others—retain on its agenda the Hungary and Tibet items. I make that statement for this reason: I yield to no one in my desire to bring about some accommodation between ourselves and the Communists in the Soviet Union which will bring about a lessening of world tension. But I am not blind to the fact—and I do not think the American people should be—that we are dealing in an area in which each of the parties must play its own game to the full. If it does not, it will be defeated. The Russians are not letting up in Laos, the Congo, Berlin, Algeria, or Latin America. They are riding every horse that suits them and fits their case.

It seems to me the affront to civilized man and the whole moral tone of the world represented by the terrors in Hungary and Tibet represent our case. This result is what people who think they can find an easy way to development through the Russian system are going to run into themselves in terms of repression.

Therefore, we should press our case. I do not see in what manner that kind of dignity and starch in one's backbone would interfere with coming to an accommodation with the Russians in Geneva on atomic testing or any other issue, if they wish to accommodate. I think the point that the Senator from New Hampshire properly makes, one which is implied in everything that he has said, is that the Russian will not wish to accommodate unless we try our case in the world forum as actively as they do.

Mr. BRIDGES. I thank the distinguished Senator for his contribution. He is absolutely truthful and accurate.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS] to the committee amendment as amended. The Senator from New York has 47 minutes remaining.

Mr. JAVITS. Mr. President, I yield myself 10 minutes.

We come to a discussion of the amendment which is before the Senate, and which proposes to strike any reference to machinery and equipment from the distressed areas bill which we are now considering.

In the first place, Senators should be clear that the bill is specific in what it authorizes money to be used for, and the specifics are found at the foot of page 45 and on page 48, as follows: Under the terms of the bill the money can be used to aid in financing any project within a redevelopment area for the purchase or development of land and facilities. Then we skip to the phrase which relates to machinery and equipment, to which I just referred, and which I am moving to strike—

For the purchase or development of land and facilities (including machinery and equipment in cases of demonstrated need) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings.

What my amendment proposes to do is to say, "You can use the money provided under the bill for all these purposes, but you may not actually supply the machinery and equipment for the plants which you are going to encourage by providing land, facilities, the utilities which they require, making tax deals, and any other arrangements which are normal in the promotion of inducing industrial enterprises to enter into an area in which they have not operated before."

I should like to put into focus and perspective the reason for the amendment. I make this statement as a friend of the bill. I am one of the cosponsors of the bill. I voted to report the bill from the committee. I showed, in a very difficult vote yesterday on financing through Government bond issues the loans funds provided in the bill, that I believe in the bill. This vote was not an easy one for any Senator on this side of the aisle to make. I proposed the amendment because I think the bill must be fair in terms of the larger industrial States of the Nation.

I believe the bill will be very helpful, particularly to communities which have had great difficulties in terms of permanent technological unemployment. The distinguished Senator from West Virginia [Mr. BYRD] is present in the Chamber. The State which he represents in part has been one of the hardest hit. My own State has pockets of the same kind, as Pennsylvania and other States also have. We believe that the bill will help those particular areas. Hence the bill.

But the competition between States to attract industrial firms to locate within them will continue. Obviously, a bill of this scope and size in terms of the amount involved will not end the com-

petitive activity between the States for attracting business into their States; and naturally the largest industrial States must do the biggest job on that score.

For example, it is said that President Kennedy has alleged that we must find 25,000 new jobs a week. I respectfully submit that if we are to find 25,000 new jobs a week in order to employ the normal accretions to the work force in the United States, we shall have to find at least 2,500 of those jobs within the State of New York itself, because we have 10 percent of the employables of the United States. In order to employ that number, we must go out and dig. I might say, too, because I think it is important to put this problem in focus, that during the Eisenhower administration, which is being somewhat economically maligned now, about 18,000 new jobs a week were found. No one understands better than I—and many Senators on this side of the aisle feel exactly the same way—that we have a problem of unemployment. Even so, fact is that we have the highest employment in history, and we must think not only of the 6½ percent or 7 percent who may be unemployed and who we are seeking to help in every way humanly possible, but also we must think about and plan for opportunities for the 93 percent plus who are employed. In my State they number approximately 6 million people.

So I am interested in the bill, which is not especially for the benefit of my State, but will benefit other States. I believe it is very true that with the great interest we have, if the country is in better shape, we are in better shape. But at the same time, we do not want to load the deck against normal competition between the States, which will continue after the bill becomes law as it has operated in the past.

In normal competition there are ground rules. Normally a State or locality is very well able by its own devices—and many have done so—to work out a solution. The junior Senator from New York [Mr. KEATING] and I have an outstanding example in Utica, N.Y., which suffered a devastating blow when the textile industry moved out of that community overnight and cut employment to ribbons, and which by setting up a development agency of its own, with the use of many people and private credit, restored itself to a very high degree of effectiveness in industrial terms. We are coming to the rescue of particular communities which apparently are unable to do so because of the inadequacy of their resources.

However, it seems to me we do not want to come to their rescue to such an extent that they then will be in a better position to compete with their neighbors than they would have a right to be if they were restored to their normal competitive status.

The normal pattern of development in any American community, in terms of the bill, has been for the community, with its own resources and with private resources, to offer people tax accommodations, retrained help through vocational training in the schools or in

analogous ways, and a good climate in terms of taxation. Perhaps they might be offered some arrangements with respect to taxation on real estate, and buildings which might have been either vacated by other industries as a result of technological unemployment, or which the community might undertake to construct.

But it has been most unusual, and indeed considered to be unfair competition among the respective States, to try to give to an industry, in order to attract it into a particular area, a plant fully equipped. Nonetheless, that is exactly what the bill contemplates.

Therefore, the first point is that we would be loading against the industrial States a competitive situation which had previously existed in terms of trying to get new business, which situation exists now, and which will exist tomorrow, even when the bill is passed, by giving an advantage beyond restoring the community to the normal ability to compete, by giving to the redevelopment areas an advantage beyond what is contemplated by the bill, if we persist in including the item respecting machinery and equipment. I think it is most unfair to the industrial States, which will be financing this whole operation very heavily, because they are the principal tax producers in the country.

I say this as a friend of the bill and as one who is interested in seeing the bill pass. The provision to which I object represents a distortion of the purpose of the bill, and therefore should be corrected for the reasons I have mentioned.

It is very well known—and I do not believe any authority need be cited for it—that the normal pattern of attracting business by American industry does not include the furnishing to a particular industry or a small business with machinery and equipment. Such a proposal has been protested against many times as representing unfair competition, and as being particularly unfair to many of the States. For example, many States send representatives to other States. They send them to my State—and this is particularly true of Southern States, who do a great deal of this—to attract business to their States. However, it is most unusual for an inducement to be held out in terms of machinery and equipment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself an additional 5 minutes.

As I said, it is very unusual that machinery and equipment has been offered as an inducement. That has always been considered as being a most unfair inducement, and has certainly been frowned upon, and generally not employed. That is reason No. 1.

The second reason I find very persuasive with me, and I hope it will be persuasive to many Senators as well. We know that machinery and equipment are sold on very long terms of credit. A machinery and equipment supplier will look over the auspices under which a new business is being organized—and we are dealing here with the organization of

new businesses—and the supplier will decide whether it is a worthy credit risk to go along with that business in terms of supplying machinery and equipment on a fairly long-term basis. Usually that credit will be extended by way of a chattel mortgage, because in most cases the supplying of the machinery and equipment is considered to be a safe bet, inasmuch as the depreciation is not rapid. This represents by the seller of the machinery and equipment an overriding economic judgment on the soundness of the enterprise, which is produced, as it were, from the dynamics of the private enterprise system.

It seems to me that we should be very careful not to omit that from our considerations, not to strike it from our considerations, by enabling local communities in developing areas to supply machinery and equipment with Federal aid, which could be done under the provisions of the pending bill. If we do that we deny ourselves a very effective economic governor, in which the self-interest of the supplier of machinery and equipment gives some control over the establishment of an improvident enterprise. I believe we all agree that one of the worst things that could happen to this whole concept represented by the pending bill would be if that were to happen. That would be the end of the concept for decades, and would be decidedly harmful to it.

Those reasons, Mr. President, are very persuasive in terms of eliminating the machinery and equipment provision from the bill.

I should like to point out that when the bill was first proposed it stated "including machinery and equipment in unusual circumstances," or words to that effect. The precise words were "in exceptional cases." Then when the bill came to us from committee the language was changed to read: "including machinery and equipment in cases of demonstrated need." It seems to me that this represents an open license with respect to machinery and equipment, because "in cases of demonstrated need" would apply to every project in the bill. The provisions of the bill would not be utilized to finance a small business except in a case of demonstrated need. Therefore, the supplying of machinery and equipment, by the change in those words, has had taken out of it whatever cautions were expressed within the bill. Machinery and equipment become as much an integral part of the bill, without any limitation whatever, as "industrial or commercial usage, including the construction of new buildings," and so forth. That language is found at page 45 of the bill.

It seems to me that these two points are endemic in the provision now contained in the bill. They are the points with respect to unfair competition between States in respect of attracting new business and bringing underdeveloped States up to normal.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. GRUENING. Is the Senator from New York aware that under our foreign

aid program we have for years been supplying machinery of all kinds to foreign countries, with that machinery in many cases competing with our own domestic industries, and that that policy has been approved by the Executive, at least in the past, and voted by the Congress?

I am wondering whether the Senator does not believe that it is somewhat of a paradox and an error to deny such aid to our own depressed areas when we are giving it all over the world with our taxpayers' dollars?

Mr. JAVITS. I do not believe it is a paradox, and I do not believe it is an error. These broad generalizations will not hold up. I have in mind the standard of living and the conditions with which we must deal abroad. They are totally different not only as between ourselves and the foreign countries, but also as between these foreign countries themselves. If we try to go into generalizations in this respect we will never have a depressed area bill or a foreign aid program. We must approach this subject on a case-to-case basis. That is the only way we can get an effective result.

Supplying of machinery and equipment under the foreign aid program was an aspect of the reconstruction of economies abroad which had been very heavily destroyed or damaged by war. That included machinery and equipment.

Furthermore, I believe now there is no longer any necessity to supply this form of aid to these industrial countries which have been made whole, and that now we may be supplying, either directly or indirectly, machinery and equipment to countries in less-developed areas, but which have conditions not even remotely resembling those which occur within a State with the lowest per capita income, which is going to be helped in the pending bill.

I have already given my reasons for a very deep conviction, after hearing all the testimony, and as a friend of the bill, that this provision will distort the competitive picture.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. GRUENING. I merely wish to comment that aid by way of machinery has gone to foreign countries which were not devastated by war, but to overcome the same kind of depression that we are trying to cure in our country. I point out again, as I have before, the inconsistency of the double standard that we have been pursuing in failing to aid American depressed areas and setting up all kinds of obstacles and conditions and qualifications and restrictions to weaken or sidetrack these purposes, while we do not pursue these same tactics when we so generously distribute aid to foreign countries, many of which are in exactly the same kind of condition that we are trying to cure at home.

The American people are getting increasingly concerned about this double standard, and they will be concerned even more if the depressed areas bill is so changed that it will cease to be effective.

Mr. JAVITS. We have an enormous interest with respect to sending machinery abroad, because we export it.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. AIKEN. Apropos what the Senator has just said, we are rapidly losing most of our machinery business in foreign countries. We are at present exporting almost nothing such as farm machinery and other equipment, compared with what we exported previously. The foreign countries are taking the market away from us in every country of the world, because they are selling at half the prices that our businesses much charge.

What I was going to ask the Senator from New York was in connection with the tables. Do these tables, which appear in the report, come from the Bureau of Labor Statistics?

I notice particularly that the labor force of Plattsburgh, N.Y., is given as 21,350, which is somewhat above the population of the town. I am wondering how it got that way. I wondered who furnished the figures and if they are absolutely correct.

Mr. JAVITS. The concept here is of labor market areas; and a labor market area, though it may be designated with the name of a particular community which is its center, is not necessarily confined to that community. But I would not wish to engage in a debate with the Senator on these figures, which are not mine. If the Senator desires to know more about that, I will have a check made.

Mr. AIKEN. Are they figures which were supplied by the Bureau of Labor Statistics?

Mr. JAVITS. My understanding is that they are, but I will have them checked.

Mr. AIKEN. They may be correct, but in the Plattsburgh labor force are included 5,000 members of the Air Force and perhaps 800 or 900 students at the teachers' college. I notice that in the figure for estimated unemployment, the age goes down to age 14, which would include most high school and college students as well.

Mr. JAVITS. I will certainly check on the Senator's point.

Mr. AIKEN. I refer to page 68, the figures of the State employment security agency. It seems that in Clinton County—and it is a large county, having a population of something like 50,000—the labor force given is 21,350. That seems to be considerably above the national average in relation to population, even if we include the whole county.

Mr. JAVITS. I will certainly check those figures.

Mr. AIKEN. I simply was curious as to how those figures were obtained.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. I yield myself an additional 5 minutes.

In response to the Senator's first point, about machinery and equipment, I wish the Senator would check those figures.

I think I can say that there is no Senator whom I respect more than I do my dear friend and colleague from Vermont. However, it is a fact—and I wish he would check it, because I know he is always very meticulous about his figures—that one of the elements in the increase in our exports has been machinery. It may not be the particular types to which the Senator from Vermont refers; but even if it is shifting in type, it has represented, and still represents, a critically important part of our export picture.

Mr. AIKEN. I think a good part of our export machinery goes to equip American branch plants overseas. They are being established so rapidly that if we do not look out, we will not find any left here.

Mr. JAVITS. I cannot agree. The hearings before the Joint Economic Committee demonstrate that American business is not being priced out of the world markets, even though we are fearful of it, and have a right to be, and have much to learn about it. However, I do not believe generalizations are quite fair.

If the Senator will allow me to do so, although it certainly will not be ready in time for this bill, I shall make a full dress presentation to the Senate on both subjects. I think the Senator from Vermont has perhaps prompted me to do something concerning a prevailing misconception. I am all for measures which will fortify against danger; but I do not think we ought to be any longer under illusions that all our American business is running away, that we are losing our machinery by exports, and so forth.

Mr. AIKEN. Am I correct that under the bill there are certain areas in New York—a half dozen, anyway—which would qualify for assistance under the depressed areas bill?

Mr. JAVITS. There are.

Mr. AIKEN. Am I further correct in my understanding that any manufacturing plant in Vermont could establish a branch in New York in order to get the advantages provided in the bill, including low-cost money?

Mr. JAVITS. That is not so, because the antipirating provisions of the bill are quite tight. I call the Senator's attention to the tests. Such a move must not reduce employment in other areas of the United States. It must not result in substantial detriment to the area of original location. It may not transfer jobs from one community to another. There has been a very considerable tightening of the antipirating and antiraider provisions.

The difficulty is that the antiraider provisions deal with established business or with new branches of the established business.

I am trying to deal with the normal competition among the States for new business. That is the objective toward which the machinery and equipment amendment is directed.

Mr. AIKEN. Could not a company in my State establish a branch in Gloversville, N.Y., and obtain low-cost money for that purpose?

Mr. JAVITS. It could only if that represented no detriment of any substantial nature to the location in the Senator's own State.

Mr. AIKEN. Could any expansion of the industry be transferred to the branch plant?

Mr. JAVITS. Further expansion could be transferred to the branch plant, provided it did not result detrimentally to the original location and, if my amendment shall be adopted, provided that no machinery or equipment is involved in the deal.

Mr. AIKEN. Can the Senator from New York point out how the bill would permit a manufacturing concern in New York to establish a branch plant in Vermont and obtain a low-cost loan?

Mr. JAVITS. That would entirely depend on Vermont having any areas which would be eligible for redevelopment under the bill.

Mr. AIKEN. But the Senator from New York knows—or perhaps he does not know—that under the bill no area in Vermont could possibly qualify for benefits, and probably never could qualify for benefits.

Mr. JAVITS. There are two tests in the bill. I will check to determine whether any community in Vermont qualifies.

Mr. AIKEN. There would be none, according to the book.

Mr. JAVITS. If no community in Vermont qualifies, then the purpose of the bill would not be served by extending the program to Vermont. After all, some argument can be made for aid to agriculture, which extensively helps other States; it could be made for aid to dependent children; and aid in almost any category of welfare we could conceive of.

If Vermont is that prosperous—and I am happy it is—it is paying out far more than it is receiving. My colleague from New York [Mr. KEATING] and I know how much more New York is paying out than it is receiving; but that is no reason why one should not support a program of such great economic breadth for the benefit of the entire country.

Mr. AIKEN. Should not the per capita income of a State enter into the aid to be given?

Mr. JAVITS. Not the per capita income of the State, but the per capita income of the particular communities encompassed. There is \$100 million, leaving out community facilities, subject to the test of State percentages of unemployment, and covering three periods of time which are set forth in the bill.

Then there is the other test of unusually low income when compared with the average national income in particular communities.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. AIKEN. That may be so, but it appears to me that the Jolly Roger is flying at the masthead of the bill.

Mr. JAVITS. Mr. President, at this time I yield 5 minutes in favor of the amendment to my colleague from New York.

Mr. KEATING. Mr. President, I heartily support the Javits amendment, and I hope Senators have read the debate on this amendment or, before they vote, will read the very carefully worded individual views of my distinguished colleague from New York [Mr. JAVITS]. In this statement, he develops the several key arguments against permitting the use of area redevelopment funds for the purchase of equipment and machinery.

Last year, as many Senators will remember, this language was voted on, together with the amendment on pirating offered by the distinguished Senator from Connecticut [Mr. BUSH]. Although when joined together the two were defeated by approximately 20 votes, I hope that this year, in light of the time we have had to study this proposal, and voting individually on this amendment, that it will be possible for us to muster enough votes to bring about its adoption.

My colleague from New York has made an important and convincing case for his point that aid for machinery and equipment affords an unfair competitive advantage to the firms which receive the aid, vis-a-vis competitors in their own industries.

In fact, under certain conditions, the lure of loans for machinery and equipment, could, undermine the well worded antipirating provisions contained in Senate bill 1. As the bill now reads, an area can receive loans only for new plants and for new branch plants. This important and necessary language was devised in order to prevent industrial raiding. It was developed by the Senator from Connecticut [Mr. BUSH] and the Senator from Maine [Mr. MUSKIE] and is intended to prevent the enticement of industries away from the healthy areas—of which, I must confess, there are many in New York State, just as there are many in the States represented by other Members of the Senate here at this moment.

Certainly we do not want to create new depressed areas, in our efforts to help areas which now are in distress. If loans for machinery and equipment are available, this presents a real temptation to firms which now have obsolete equipment. They could establish plants in depressed areas, using Federal funds to buy all new machinery, and then could close their home plants or scale to a minimum their operations there. I think it would be much better if we concentrated area redevelopment assistance on permanent facilities, which are inherently a part of the distressed area and which will remain there permanently to contribute to the economy of the area.

Mr. President, I want at this time to make a point which thus far has been passed over rather lightly. I refer to the fact that the total amount authorized under Senate bill 1 is a little less than \$400 million for 3 years. Thus, a good argument can be made for limiting the type of assistance given to any single area or any single firm. If we gave too much aid to one firm or one area, that would have the effect of limiting the

total national impact of Senate bill 1, which establishes or at least seeks to establish a truly national program.

It is important that we have a clear understanding of just what the overall impact of Senate bill 1 will be. The total amount—\$389 million—for 3 years, as authorized under this bill—is less than the cost of two Forrestal-class aircraft carriers. When this amount of capital is spread throughout the country, it certainly will not provide very large amounts of assistance to any single distressed area.

In a sense, this is a pilot program. For this reason, I was pleased that the so-called Bush amendment was accepted yesterday to terminate this program at a given date, in order that Congress may again evaluate it.

I think my colleague from New York [Mr. JAVITS] has made an extremely strong case for this amendment.

The PRESIDING OFFICER. The time yielded to the Senator from New York has expired.

Mr. KEATING. May I have 1 more minute?

Mr. JAVITS. I yield an additional minute to my colleague.

Mr. KEATING. I thank my colleague.

Mr. President, this amendment is important to healthy areas, such as New York State. Fortunately, most of our States are presently in a generally good state of economic health. Unless we adopt the amendment, there will be a real danger that the purposes of this bill will be violated and undermined by giving an unfair competitive advantage to the areas eligible for receiving area redevelopment assistance.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. I yield.

Mr. LAUSCHE. I ask the question for purposes of information: Does not the condition stated in the bill—namely that the money shall not be loaned or granted, if in doing so industries may be moved, thus causing substantial unemployment in the area from which the movement is made—apply equally to the moneys provided for the purchase of machinery and equipment?

Mr. JAVITS. Yes, it does. The only difficulty is—and I am sure the Senator from Ohio will remember this, if he listened to what I said before, for I, myself, made that point—that the antipirating provisions are now excellent, although they were not before; but the Senator from Connecticut [Mr. BUSH] and the Senator from Maine [Mr. MUSKIE] have really tightened them up. However, they deal with existing businesses and branches and affiliates of existing businesses which we would have objection to losing; and in such case the antipirating provision is effective.

But I am talking about new businesses, which constantly are being created. They are needed in every so-called under par area, in order to help put it on an equal basis, so it can compete with New York, New Jersey, Ohio, Michigan, and other States. But if we permit this money to be used for the purchase of machinery and equipment, we shall be

giving a competitive advantage beyond the normal basis. That is the argument I make, and therefore I believe that provision should be stricken from the bill.

I have just come across a point which may be of interest to other Senators—namely, that private business is not the only source of funds for machinery and equipment. I have already referred to this fact, which provides a safety valve, because some machinery manufacturers will also have to pass on the question of whether the new plants placed in these areas are economic enterprises. But I find that, in addition, the Small Business Administration has much money to loan for equipment and machinery. That, too, is an independent agency. Of course, in making legislative provisions, we constantly have a tendency to duplicate. For example, I am greatly concerned about the provisions of the bill for rural development, because we already have in the Department of Agriculture an excellent rural development program which could well be buttressed with \$5 million, instead of providing \$100 million for such a purpose in connection with this bill. That program in the Department of Agriculture has been very widely hailed. For instance, the report states:

Since the inception of SBA in 1953, over \$955 million in loans have been approved in the business loan program. Of this amount, \$106,523,000 was authorized to be used for financing machinery and equipment.

There, too, we have an economic sanction; and that agency has had a large amount of experience in regard to the likelihood of success of a small business enterprise which, with any kind of chance for success, will be loaned such funds for the purchase of machinery and equipment.

But if we deal with that matter in this measure, we shall be giving more than the normal advantages to an area which is trying to attract business in a competitive way—for instance, as regards tax indulgence, training help, constructing a building—and now we would be giving it an opportunity to have a plant built and completely equipped. I think that would be most unfair to many of the States which constantly have to compete for business. For instance, in New York we, too, need 2500 jobs, every week, according to President Kennedy's figure; and every week Ohio and other States need new jobs, also, as do the areas which are in distress. I simply do not like to have the dice loaded against our States.

Mr. President, let me ask the Chair to advise me when I have used all but 3 minutes of the time available to me.

The PRESIDING OFFICER. Very well.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield again?

Mr. JAVITS. I yield.

Mr. LAUSCHE. Let us assume that in New York there is a plant that is not located in a substandard area; and let us assume that the managers of the plant learn that they can obtain funds for the purchase of machinery and equipment if they locate the plant in a substandard

area, but that they cannot obtain such funds for the plant which is located in New York. Would the provision relating to a substantial impact on employment be of any help to New York State in the matter?

Mr. JAVITS. Yes, it would, to the extent that it would prevent the company from moving out of New York or moving any important part of its operations out of New York. But if the company were going to expand into the production of a new product, and wanted to establish a new factory for it, the provision would not stop it. In fact, the company would be given a special inducement to locate elsewhere than in New York.

The Senator from Ohio is helping me greatly, because this situation is precisely what we are shooting at. We industrial States are going to pay for the bill, and we are going to underwrite it. Let us assume most of us are willing to do it because a real problem is presented; but we are not willing to do it at the cost of creating unfair competition as between us and other States.

Mr. LAUSCHE. The Senator has cited the example of a company in New York. It could not get aid if it was found that substantial unemployment would be created if the company moved out.

Mr. JAVITS. That is correct.

Mr. LAUSCHE. But it could establish another branch of the company in another State, open up a whole new business, and borrow money for machinery and equipment, which it could not borrow if it remained in New York. Is that correct?

Mr. JAVITS. That is precisely correct.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Connecticut.

Mr. BUSH. In the original text of the bill, in reference to the matter under discussion, it stated, in parentheses: "including in exceptional cases machinery and equipment."

That language was changed in the bill as now before the Senate, but the parentheses remain, enclosing the phrase "including machinery and equipment in cases of demonstrated need."

My question to the Senator is, Why were the parentheses included in the first place, and why are they still there?

Mr. JAVITS. They are still there as a matter of form only. The parentheses are not needed, because demonstrated need is the test. The parentheses were there because of the original language "exceptional circumstance" or "exceptional need." Now the parentheses are no longer needed, but they have been carried over in order to make the grammar appear as if there is a difference; but there is no difference.

Mr. BUSH. The Senator is very generous to the author of the bill; but my impression is that the parentheses are there as an element of doubt. In other words, they do not believe it, and put the language in parentheses and closed it off from the rest of the language, hoping they might get away with it. Does the Senator from New York think there is any ground for that suspicion?

Mr. JAVITS. The Senator from Connecticut has had exceedingly wide experience. I certainly know he may be right and I may be wrong. May I say, for that reason, that the language can easily be stricken, and it would not in any way interfere with the organic content of the bill if it is stricken.

Mr. BUSH. I am certainly supporting the Senator in his amendment, as he knew I was.

I ask the Senator if it is or is not very loose language to talk about demonstrated need. How do we distinguish need on the basis of its being a demonstrated need? I do not understand it. I would not want to have the responsibility of determining it. In other words, if it is proper to include machinery and equipment for investment under this bill, it ought to be stated. If it is not, it ought to be stricken, as the Senator proposes to strike it. It is difficult to interpret words like "substantially," "substantial unemployment," and "demonstrated need." To me, that kind of language does not belong in legislation. Either money is going to be lent for a certain purpose, or it is not. Does the Senator think that is a valid statement?

Mr. JAVITS. Yes. I again want to give credit to the Senator for the adoption of the antipirating provision, which has the interest of Senators coming from industrial States like New York, Connecticut, Ohio, and Pennsylvania. Let me also point out I am trying to "button up" the one element which still remains to be taken care of, and that is normal competition, which cannot be covered by the antipirating provision. I point out that my position absolutely relies upon the achievement the Senator from Connecticut has already been successful in obtaining by way of the antipirating provision.

Mr. BUSH. I should like to compliment the Senator from New York for his very fine minority views as stated in the report, in which he makes a classic case for his amendment. I compliment him on the very able presentation of the amendment this morning.

Mr. LAUSCHE. Mr. President, if the Senator has time, will he yield to me?

Mr. JAVITS. I yield.

Mr. LAUSCHE. The Senator has referred to the substantial impact on employment in the movement of a plant. May I ask—and this is asked from a philosophical standpoint—what right does the Federal Government have to lend or to grant or to give its money to one State, the money to be used to take jobs away from another State?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. I shall not press the question. I shall develop it later.

Mr. JAVITS. Mr. President, will the distinguished minority leader yield me 5 minutes on the bill?

Mr. DIRKSEN. Yes; I yield 5 minutes to the Senator from New York.

Mr. JAVITS. I yield to the Senator from Ohio.

Mr. LAUSCHE. Does the Senator follow what I have in mind?

Mr. JAVITS. I do.

Mr. LAUSCHE. Why is it right to take a small number of jobs—

Mr. JAVITS. Even a small number of jobs.

Mr. LAUSCHE. Yes, but not a large number of jobs, away from a State? If a job is taken away from a State, how is there a difference, except in degree, in the moral quality of the taking?

Mr. JAVITS. There are two answers to the question. One is the antipirating provision is even better than the Senator has indicated, because it deals not only with a substantial detriment—which is what the Senator from Ohio is speaking of—but deals with merely transferring jobs from one community to another. So we assume, if there was a transfer of jobs there would be a substantial detriment.

I shall pursue this matter in a discussion with the Senator handling the bill. I wish to make it very clear for the RECORD that the antipirating provision includes not only the case of substantial detriment but a loss of jobs as the Senator has pointed out.

The second answer is the obvious one, which affects us in everything we do—namely, the greatest good for the greatest number. Some States are under par, whether it be in natural resources, educational facilities, or economic development. Most of us want to help them, but not at the cost of putting them in a better position than we are in an opportunity to compete for new business and jobs, which the country urgently needs.

It is for that purpose that I offer the amendment.

I wish to state to the minority leader that I have concluded the presentation of my case for the amendment, with the most gracious aid of my colleagues.

I wish to emphasize the point made by my colleague from New York [Mr. KEATING] that the money provided under the bill is inadequate, so why load it down with another requirement that loans be made for machinery and equipment, instead of spreading it as far as that can go, even though it is a pilot plan.

I should like to ask the minority leader whether any time is to be taken in opposition to the amendment, or whether we are ready to vote.

Mr. DIRKSEN. I should like to ask the acting majority leader [Mr. HUMPHREY] whether the chairman intends to oppose the amendment.

Mr. HUMPHREY. Yes; the committee intends to oppose the amendment. I understand the same amendment was considered in committee, and voted down.

The Senator from Illinois [Mr. DOUGLAS] went to the Finance Committee. If the proponents of the amendment have concluded their argument, I suggest we might have a quorum call. In the meantime I shall discuss the matter with the Senator from Illinois [Mr. DOUGLAS], because I know he wishes to express some views on the amendment.

Mr. JAVITS. I know he does.

Mr. DIRKSEN. Mr. President, the distinguished Senator from Arkansas [Mr. McCLELLAN] asked me yesterday for about 5 minutes to discuss a matter. I wonder if he is ready to do so at this time.

Mr. McCLELLAN. Yes, if it is convenient at this time. I merely wanted to state my position on the pending bill before it came to a final vote.

Mr. DIRKSEN. Why not do it now?

Mr. McCLELLAN. Very well.

Mr. DIRKSEN. I yield 5 minutes on the bill to the distinguished Senator from Arkansas.

Mr. McCLELLAN. Mr. President, my first inclination was to support this bill. Its alleged purpose has an appeal to all of us. That purpose, I understand, is to relieve distressed areas which may exist in some sections of our country.

At first thought, this may seem to be a worthy objective for the Federal Government to undertake by legislation. Upon second thought I wonder whether it is the function of the Government, by the expenditure of public funds, through loans and grants, in an area or in many areas in the country, to undertake the making of investments for the sole purpose of resuscitating or strengthening the economy in a particular locality.

If so, Mr. President, we are now launching a gigantic project, one of no small magnitude. I cannot give my consent to such an undertaking. I foresee that the minute this is done, many areas which now do not contemplate such action will conclude that if it is a proper function of the Government to help finance industry in any section or any area by the expenditure of public funds from the U.S. Treasury to help build the economy in that area, in one section or in one community, then that responsibility devolves upon the Government to give equal aid in every area, in every section and community. The next step will be to have the Federal Government take the full responsibility for providing a prosperous economy everywhere throughout the land.

I cannot support it, Mr. President, for in my judgment that just should not be done.

I wish to mention some things in the bill which I could not support even if I favored the program.

The bill has been amended now to remove one of the objectionable features, which was the setting up of an exclusively independent new agency with all the powers the measure contains vested in an administrator. However, Mr. President, the powers which were vested in the Administrator under the terms of the bill originally are now to be vested in the Secretary of Commerce as the bill has been amended. Not only will the Secretary of Commerce be endowed with broad authority to determine the areas which will receive assistance under the bill, Mr. President, but also he will control to an alarming degree how much and upon what terms such assistance will be given.

For instance, there is no limit placed on the amount of Federal loans or grants that the Secretary of Commerce can make to any one project. The language of section 8(b) implies that in the case of public facilities, he is authorized to make both loans and grants to a single project. Further, section 8(b)(2) indicates that the local governments need

contribute nothing in the case of constructing public facilities. Thus the Federal Government conceivably could be required to foot the entire cost of the project.

Mr. President, if we ever begin permitting the Government to enter one area, one community, and foot the entire cost of a project, then we shall have every community in the country appealing to the Federal Government for the same treatment.

With respect to loans to private industries under section 6 of the bill, the Secretary's discretion is also shockingly extensive. To illustrate, section 6(b)(7) limits such loans to a term of not exceeding 25 years, but the Secretary of Commerce may under section 12(5) extend such loans for an additional 10 years. He is given similar authority with respect to loans for construction of public facilities. The Secretary of Commerce is given discretion to extend the latter from 40 to 50 years.

Mr. President, let us make no mistake about this. This proposal is not for temporary legislation. It is for a permanent program for 50 years. It could well take that long for the program to be executed and consummated under the terms of this measure.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield, if I have any time remaining.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Arkansas.

Mr. CAPEHART. I am sure the Senator knows that under the terms of the bill the Secretary of Commerce could lend all of the money to one concern.

Mr. McCLELLAN. I have so intimidated.

Mr. CAPEHART. I simply wish to emphasize it.

Mr. McCLELLAN. It is true.

Mr. CAPEHART. The Secretary could lend all of the money to one concern.

Mr. McCLELLAN. I am stating what I believe to be the proposal. This is not a measure to provide temporary relief in a distressed area or in distressed areas. This is to be a permanent program of the Government, to operate in this field from now until the end of the next half century, under the terms of the bill.

Mr. CAPEHART. Mr. President, will the Senator yield further?

Mr. McCLELLAN. I am glad to yield.

Mr. CAPEHART. We brought out yesterday in the colloquy the fact that the Small Business Administration can do everything provided under the terms of the bill, and in addition the Small Business Administration can lend money for working capital.

There is an amendment pending which would strike out of the bill the provision with regard to machinery and equipment, yet the Small Business Administration can make loans up to 100 percent on machinery and equipment.

Mr. McCLELLAN. I think the bill in some respects, at least, would provide a duplication of authority now in existence.

Mr. CAPEHART. The Small Business Administration can do everything for industry and business that the bill would permit, and in addition can make loans for working capital and can make loans on machinery and equipment.

Mr. McCLELLAN. I believe that is true. I have not examined the law carefully enough to be sure, but I believe the bill would provide a duplication of authority in certain areas, and it encompasses an extension of powers which would make the program permanent for 50 years.

Mr. CAPEHART. We placed in the RECORD yesterday the exact language with respect to the Small Business Administration, which permits such to be done.

Mr. McCLELLAN. I thank the Senator from Indiana.

Mr. President, section 6(b)(9)(D) and section 7(d) gives the Secretary of Commerce authority to subordinate the Federal Government's security on loans. This, in effect, makes the Government a second mortgagee on all projects in which it would participate under the bill. What is worse, Mr. President, if the Secretary so desires he can in his discretion defer any payments on the indebtedness to the Federal Government until such time as all "other loans made in connection with such project and in accordance with this section have been repaid in full."

The powers granted to the Secretary of Commerce in section 12(4) are likewise exceedingly broad. For example, he may "under regulations prescribed by him, assign or at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this act."

I emphasize the following words: "and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McCLELLAN. Mr. President, may I have an additional 2 minutes?

Mr. MANSFIELD. I yield 2 minutes.

Mr. McCLELLAN. It is apparent that the proposed legislation would repose unconscionably wide and extensive powers in the Secretary. It would virtually make him dictator over the various programs prescribed in the bill.

It is also my firm conviction that in many respects the provisions of the bill would duplicate Federal enactments already on the statute books. For example, we now have functioning loan programs for private industry under the Small Business Act and the Small Business Investment Act of 1958. Loans for public facilities are presently being made by the Community Facilities Administration within the Housing and Home Finance Agency. So as the need arises

to adapt these existing programs to the needs of our depressed areas, it seems to me that the better method would be to amend these statutes rather than to create a completely new and unnecessary administrative agency which will surely be done—another agency within the Department of Commerce.

The bill is also objectionable to me because its major financing will be not through annual appropriations from the Congress, but through borrowing by the Administrator from the Treasury Department. This is the familiar method of back-door financing that frustrates an annual review of the legislation's effectiveness by the Congress. Indeed, the whole flavor and essence of the bill smacks of a desire to get the control of the essential elements of the programs away from Congress and into the head of an executive agency. This, I believe, is completely uncalled for. I do not believe the Congress should abdicate its responsibility and duty to make or, in its judgment, to reject annual appropriations for this program.

Finally, I noted with interest the very candid remarks of the senior Senator from Illinois [Mr. DOUGLAS] last week when he stated that—

This measure will not reduce this recession * * *. S. 1 is not an antirecession measure (CONGRESSIONAL RECORD, Mar. 9, p. 3376, col. 3).

I agree with him.

S. 1 is not a temporary measure designed to lessen the effect of the current recession. Let no one regard it as such. It is the commencement of a permanent program. For 50 years the bill envisions 40-year loans that may be extended for 10 years, making a half century. Once the bill is passed and the program is inaugurated, it will grow and grow, and more and more communities and businesses will seek the favors that the bill bestows. Either the requests of other communities will have to be granted, or rank discrimination will be imposed.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, how much additional time does the Senator from Arkansas desire?

Mr. McCLELLAN. One minute.

Mr. MANSFIELD. I yield 2 additional minutes.

Mr. McCLELLAN. I do not want to see American citizen taxpayers saddled with this uneconomical, extravagant, and unnecessary burden.

I cannot support a bill of the magnitude and consequences entailed by this measure. It is with regret that I decide I cannot do so, but the consequences I foresee preclude me from giving it my endorsement and vote.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am very happy to yield if I have any time remaining.

Mr. MANSFIELD. Mr. President, I yield 2 additional minutes to the Senator from Arkansas.

Mr. LAUSCHE. The Senator from Arkansas mentioned the existence of the Small Business Administration Act, and the Community Facilities Act, which is embodied in the Housing Administra-

tion's functions, and he stated that the bill would pile further lending and giving programs on top of these other acts.

May I have the view of the Senator from Arkansas on this question: Congress passed the Small Business Administration Act, which provides liberal authority to make loans for the construction of buildings and the purchase of machinery to be located wherever the borrower determines to place his business. The Community Facilities Act, in order to stimulate development in communities, provides money to be loaned for the installation of gas lines, water lines, sidewalks, powerplants, and so forth.

The Rural Electrification Administration also lends money to provide plants for the distribution or the generation of electricity.

Efforts were made through those several means to induce businesses to settle in what are supposed to be rural communities and undeveloped communities, but such efforts failed.

By the terms of the bill, Congress, through legislative declaration, would attempt to convert what are unacceptable areas for the establishment of a business into areas that supposedly would be acceptable.

I now ask my question. Through the appropriation of money can Congress provide buildings in an area close to a supply of raw material and close to the supply of the consuming public, and thus create out of an undesirable area one that is desirable from the standpoint of maintenance of good Government, reasonable taxes, and pleasant surroundings?

Mr. McCLELLAN. I do not believe Congress can do so without incurring a continuous heavy subsidy. I believe the bill would ultimately lead to such result.

I point out another weakness in the bill. If we should establish a plant or project to bring economic life into a community, we would have provided all the money that can be borrowed, and there would be no working capital remaining. There is not even a requirement that sufficient working capital be shown to be available for the operation of the project, plant or factory after it has been built.

Mr. LAUSCHE. Mr. President, may the Senator from Arkansas have an additional 3 minutes?

Mr. HUMPHREY. Mr. President, before we yield additional time, how much time remains to our side on the bill?

The PRESIDING OFFICER. One hundred and sixty-eight minutes.

Mr. HUMPHREY. I yield 5 minutes to the Senator from Arkansas.

Mr. LAUSCHE. The Senator from Arkansas was the chairman of the McClellan investigating committee. Six or seven years ago, while I was Governor of Ohio, a strike took place in 5 States, including Ohio. The strike was in progress for a number of weeks.

The Governor of Ohio received a call from a top echelon official of another State, suggesting that a shutout was in existence, and that shutout unemployment compensation ought to be paid. The knowledge of the Governor of Ohio

concerning the facts was in complete disagreement with that recitation. Ohio did not award unemployment compensation, because there was in existence a voluntary work stoppage. The State from which the call came did make an award of unemployment compensation. Subsequently, the courts of that State ruled the award invalid. I respectfully submit that the provisions of this bill regardless of how much money is spent will not generally operate as an inducement for stable business to settle in such surroundings.

Mr. McCLELLAN. I am not, I must confess, an astute businessman, but I believe that anyone with any judgment at all would take into consideration that factor in establishing a business in any place. Particularly is that true today. I should like to point out that the businesses that may be established by the use of loans and grants under this bill will have to bring in raw materials, and meet all the other expenses connected with such operation just as is done in other areas where the same product is manufactured. They must still meet the competition in marketing their product. Otherwise, they cannot survive. I can well understand that a man might decide to set up a business and for that purpose get a temporary loan from a bank for a small amount and then get a grant, 65 percent of it from the Government, and put in very little capital of his own. When he does that, he is in business. Perhaps he will be a success. If he is not, he has had his chance without any loss of consequence, and the taxpayers have footed the bill.

Mr. LAUSCHE. I thank the Senator.

Mr. McCLELLAN. Mr. President, this is bad legislation.

ANNUAL CONVENTION OF THE NATIONAL FARMERS' UNION

Mr. HUMPHREY. Mr. President, I yield myself 3 minutes. A very important convention is taking place in our Capital City. It is the 1961 convention of the National Farmers' Union, which opened on Monday, March 13, at the departmental auditorium. We welcome this great farm organization. It represents the finest traditions and principles of our democracy.

Last evening, the Secretary of Agriculture addressed the delegates. He delivered a splendid and informative address on the agricultural policy of the Kennedy administration. He is doing a good job in his new responsibility as the Secretary of Agriculture.

Other members of the administration have spoken to the assembled delegates. Mr. Chester Bowles, Under Secretary of State, addressed the delegates on Tuesday. He made a remarkable address on American foreign policy and revealed some of the new approaches in our foreign policy as developed by the Kennedy administration.

This morning the delegates were addressed by Mr. John A. Baker, Director of Agricultural Credit Services. As we know, one of the needs of agriculture is an improved and expanded farm credit structure. I am happy to call to the at-

tention of the Senate that Mr. Baker has announced plans for broader and a much improved farm credit program, particularly in the Farmers Home Administration. Already, the Department has taken emergency action to release additional credit to our family farmers.

This afternoon Mr. Kenneth Holum, Assistant Secretary of the Interior, will address the delegates. Mr. Holum comes from South Dakota. He is a farmer and well acquainted with the needs of our family farmers. He vigorously supports the public power program which is so vital to many of our Western States. The Presiding Officer [Mr. METCALF] comes from a State where some of the great electrical energy resources of the Nation are found and developed.

On Thursday the delegates will hear Mr. George McGovern, director of the food for peace program. On Friday Mr. Arthur Goldberg, Secretary of Labor, will address the convention.

Finally, the concluding session will be addressed by Mr. David Brinkley, NBC news commentator. I do not know what happened to Mr. Huntley, but at least Mr. Brinkley will speak to the delegates.

I wish to take this opportunity to commend Mr. McGovern on his outstanding work as director of the food for peace program, particularly for the proposals he has made for long-term sales of food under a food for peace program. Soon the administration will propose a much expanded program. Our food reserves can and will be converted into a powerful ally to our overall foreign policy.

I wish to salute Mr. Patton, the national president of the Farmers Union, and to commend him for his outstanding leadership, for our family farmers and, indeed, for all of America. I am very proud that at this convention some 300 members of the Minnesota Farmers Union are in attendance. We are very pleased with the splendid record of our Farmers Union in Minnesota. The State president, Mr. Edwin Christensen, of the Minnesota Farmers Union, is in Washington attending the convention. The Minnesotans, coming from Farmers Union locals throughout the State, are here because of their desire to participate in the proceedings of the convention and because they wish to see the Nation's Capital. I commend to all Senators in the deliberations of this very important convention. The program of the Farmers Union is good for America.

Mr. President, I observe that the Senator from Illinois has come to the floor and that he wishes to reply to some of the comments which have been made by the opposition to the area redevelopment bill.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. DOUGLAS. Mr. President, I wish to address myself primarily to the amendment now before the Senate;

namely, the amendment of the senior Senator from New York [Mr. JAVITS] to strike from the bill the provision which permits, in loans on machinery and equipment in cases of demonstrated need. The Senator from New York wishes to eliminate that provision completely, and, I take it, on two grounds.

First, he says it is not necessary, because private credit will meet the need for such machinery; and second, that this would hurt industrial States such as New York. Let me point out there is a feature in the bill which seems to have been neglected in the whole debate. I tried to point this out yesterday. It is in the RECORD, but apparently has escaped attention. On page 47, in section 6(b)(4), will be found this proviso:

No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

This means that if a business can obtain loans on machinery and equipment for, say, 5 years' duration on reasonable terms, no loan under the area redevelopment bill can be made to that business firm. So we hope that private credit facilities will be adequate to provide funds for machinery and equipment to new business firms or to business firms which wish to expand. We simply say that if private funds are not available, and if the business and the local redevelopment committees are able to demonstrate that the private firm needs a loan on machinery and equipment, the loan could be permitted to be made under the act. It is not mandatory to make such a loan; in fact, there are a series of hurdles which the applicant must be able to pass. He must prove that the loan is not available from private sources, and then must prove that there is a demonstrated need for it.

It is anticipated that the majority of the loans will be exclusively for land and buildings, without an allowance for machinery and equipment; but we do not wish to include an absolute prohibition of such loans which the Senator from New York would now fasten upon the bill.

I would like to point out that land and buildings normally do not comprise much more than 25 percent of the capital cost of a manufacturing enterprise. We are limiting the maximum percentage of the loan which can be made by the Area Redevelopment Administration to 65 percent of the cost; so the maximum would be approximately 65 percent of 25 percent, or roughly 16 percent of the total cost. In addition to this, the actual benefit which the bill provides is only a lower rate of interest; namely, a probable rate of around 4¼ percent, as compared with a commercial rate of something over 6 percent. So the inducement which would be customarily held out would be a 2-percent annual saving upon one-sixth of the capital cost—a 2-percent economy on one-sixth of the capital charge.

This is far from being the hydra-headed monster which some previous speakers have said it to be. On the contrary it is an extremely modest pro-

posal. There may be certain cases in hard-pressed communities where this will not be a sufficient inducement to new industry; therefore, we do not wish to rule out completely the possibility of loans for machinery and equipment. The Senator from New York would completely eliminate any possibility of doing this.

I know the Senator from New York is a fine-spirited man. He has been a sincere supporter of the bill. Not only has he been a sponsor of the bill, but yesterday I think he was one of the Republicans who voted against the crucial Robertson amendment. I express my indebtedness to the Senator from New York for that vote, and say that it was really the acid test, which he passed, in my judgment, with high credit, as he does virtually every test which is imposed upon him in the Senate.

Now, concerning his statement that this provision in the bill would cripple New York and—that it might be used to draw industry away from New York—I remind him that the bill contains a very stringent provision against pirating, a provision which I was very glad to have included. So far as growth of our economy is concerned, we want New York, as well as other areas, to share in the growth.

This morning, I was in the Committee on Finance and vigorously supported the position of some of the large industrial States, of which my State of Illinois is not one, but of which New York is one, to try to have a larger burden of the cyclical unemployment borne by the Nation as a whole, instead of being thrown upon the employers of a particular State which has been hard hit by unemployment. New York is one of the States which has been hard hit. So I do not think I need say anything more about my desire to protect the employers and the people of the State of New York.

However, I call attention to the fact that New York has a number of so-called depressed areas of high and persistent unemployment. They are listed on page 68 of the report of the committee. I shall read them:

Amsterdam, where there is 14 percent unemployment.

Auburn, which has 9 percent unemployment.

Gloversville, the center of the glove industry, has 15 percent unemployment.

Jamestown-Dunkirk, with 5.8 percent unemployment.

In the northern New York area, the area of Ogdensburg-Massena-Malone has 14 percent unemployment; and Plattsburg, on Lake George, has more than 8 percent unemployment.

So New York would be as much in need for machinery and equipment loans as any other State in the Union. I do not think we should adopt a parochial point of view on this matter. In general, the Senator from New York does not adopt a parochial point of view.

But in the cases of those communities which are hard pressed, if we confine ourselves in all instances purely to lower interest rate loans on buildings and land, we may not have enough of an inducement to help rebuild the economy of the area. If adequate private capital is not

available, and if the need for capital can be demonstrated, then I do not believe we should foreclose completely the possibility of helping those people with loans for machinery and equipment.

Moreover, I am a little puzzled by the criticisms which come from the other side of the aisle, and in some instances from this side of the aisle, about the bill.

The Senator from New York is saying that we should not make loans for machinery and equipment. Last night the Senator from Indiana said we were not lending enough, and that we should provide working capital as well as fixed capital. I think working capital should be provided by the commercial banking system. The advances for raw materials and for payrolls should be met by private business, out of the resources of the individual enterprises, and out of the local banks.

I am very happy to see entering the Chamber the two distinguished Senators from West Virginia, who have been stalwarts in connection with this matter. I say frankly—as all of us know—that West Virginia is one of the States which has been most severely hit. If we rule out the possibility of the making of loans for the purchase of machinery and equipment, it will be much more difficult to get new industries into those areas, and it will be harder to get new industries into eastern Kentucky, eastern Tennessee, southwest Pennsylvania, southern Illinois, northern Michigan, northern Minnesota, and, I may say, also the depressed areas of upper New York State.

So, Mr. President, I hope very much the amendment of the Senator from New York will be rejected.

Possibly we may be able to make adjustments, in conference; but I do not think this is the time to make such adjustments. I think yesterday I demonstrated conclusively that I was in a most cooperative mood; I accepted various amendments, both because I felt the weight of the votes was against me, and also because of a desire to show that I was conciliatory.

But, Mr. President, much as I like to demonstrate my liking for the Senator from New York, I frankly state that I cannot consent to "selling out" the hard-pressed areas.

I see across the aisle from me the genial senior Senator from Wisconsin [Mr. WILEY]. I would remind him that the cutover regions in northern Wisconsin are also in trouble.

Mr. President, I think that is about all I wish to say on this issue.

I hope the amendment of the Senator from New York will be rejected.

Mr. JAVITS. Mr. President, I yield myself the remainder of the time available to me.

The PRESIDING OFFICER (Mr. METCALF in the chair). The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, I should like to reply to two points which have been made by the distinguished Senator from Illinois.

First of all, I assure him that these comments are not to be construed as in

any way a reflection on our respect for each other, which will continue to survive, regardless of the result of the vote taken on this amendment. Of course, I hope the amendment will be adopted.

The Senator from Illinois spoke of the possibility that the provisions of the amendment will be used for the purchase of machinery and equipment, "except in rare cases"—those were his words. But I point out that a change was made from the original draft of the bill. Originally the draft of the bill used the words "exceptional cases"; but that was changed so as to use the words "except in rare cases." But, Mr. President, I say that the words "except in rare cases of demonstrated need" are much less stringent than the words "exceptional cases."

Mr. DOUGLAS. I am perfectly willing to revert to the original language, "exceptional cases," if the Senator from New York will agree to withdraw the amendment and will obtain consent of the Senate to have that change made.

Mr. JAVITS. I would say that would not go to meet the full objection. But I was making that point as bearing upon the way Members should vote on this amendment.

Mr. DOUGLAS. If we revert to the original language of "exceptional cases," and if we eliminate the words "of demonstrated need," would the Senator from New York then be willing to accept the change and to withdraw his amendment?

Mr. JAVITS. No; I have already made that clear.

Mr. DOUGLAS. In other words, the Senator from New York wants a dictated agreement.

Mr. JAVITS. No, Mr. President; I am sorry that the Senator from Illinois is not being quite just to me. I was alluding to the fact that it is claimed that one of the arguments in favor of defeating my amendment is that it will be used only rarely; and the Senator from Illinois himself used, in referring to that point, the words "in rare cases."

I have pointed out that it has been made easier, rather than more difficult, although that is by no means the total answer.

The Senator from Illinois also said we may not have enough inducement for building up or redeveloping an area. I say there is too much inducement. That is the whole nubbin of my argument. There would be more inducement than would constitute fair competition as between depressed areas and States such as my own.

Finally, the Senator from Illinois said aid is available under this amendment when it is not available from other sources—from Government sources, such as the Small Business Administration, or from private sources, such as machinery and equipment suppliers. But I say that is a source we should not give up. The success of a project may depend upon whether credit is available on reasonable terms.

The PRESIDING OFFICER. The time available to the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes on the bill.

Mr. JAVITS. Mr. President, if credit on reasonable terms is not available, then I say that by turning over to the local community the right to finance it, nonetheless, out of credit available under this bill, we shall be depriving ourselves of a piece of insurance which represents the independent judgment of the Small Business Administration or of the private supplier; and I do not think we should do that.

Mr. President, that is my whole argument in behalf of the amendment.

Mr. SCOTT. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. SCOTT. I thank the Senator from New York.

Mr. President, I support the amendment of the Senator from New York. It must be used for land and facilities for the building of plants only.

The use of the words "exceptional cases," as directed to machinery and equipment, is to my mind vague and indefinite. That provision might be used to favor one section of the country over another, or even to favor one section of a State over another, by permitting a more generous allocation or a more varied kind of aid to a favored section.

In view of the fact that a number of communities have an unfortunate labor surplus, I think the purpose of the bill can better be accomplished, and certainly it would be more simple to administer, if we confined ourselves to the land and facilities provision.

Therefore, as I have stated, I am very happy to support the amendment.

Mr. JAVITS. Mr. President, I am very grateful to the Senator from Pennsylvania.

I should like to make a final point: If Senators really want to make the bill go as far as it can, to aid in restoring these communities to a normal competitive situation, then my amendment should be adopted.

Mr. President, I ask unanimous consent that at this time we may have a quorum call, without charging to either side the time required for the quorum call.

Mr. DOUGLAS. Does the Senator from New York yield back the remainder of the time available to him?

Mr. JAVITS. No more time is available to me.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Let the Chair inquire whether the Senator from Illinois will yield back the remainder of the time available to him.

Mr. RANDOLPH. Mr. President—

Mr. DOUGLAS. Mr. President, I understand that the Senator from West Virginia wishes to speak at this time. I shall be glad to yield to him, if the Senator from New York will withdraw his request for the time being.

Mr. JAVITS. Of course.

Mr. DOUGLAS. Then, Mr. President, I yield to the Senator from West Vir-

ginia whatever time he may wish to have.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. RANDOLPH. Mr. President, I am grateful to the Senator from New York for temporarily withholding his suggestion of the absence of a quorum.

I do not desire to make a formal speech. But with the manager of the bill, the Senator from Illinois, now present, and with the Senator from New York, the author of the amendment, also present on the floor, I say to them and to my other colleagues that insofar as West Virginia is concerned, and I believe that in this matter my colleague from West Virginia [Senator BYRD], and I are joined—more than a mere building would be needed in many instances.

The structure itself may not provide the answer. It is very reasonable to expect that there could well be, on merit, an application which would require the loan of funds necessary to provide machinery. In the State of West Virginia this problem is something that concerns us very much. There are already too many empty buildings.

The rehabilitation of an old building or the construction of a new one will provide employment in the construction stage—but it takes more than a structure to create new permanent job opportunities. It is only when there is machinery in place and functioning that there is production—and it is production and marketing that brings manpower into action, sustains payrolls, and makes for economic growth.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. RANDOLPH. Yes, I yield.

Mr. JAVITS. I think the Senator has sufficient time, or, if he does not, time may be yielded to him on the bill. I do not wish to use any of the time he may find necessary to take.

However, it seems to me, in fairness to the argument—and the Senator from Illinois [Mr. DOUGLAS] has been very kind in saying that I am friendly to the bill, which I am—this is a matter involving a narrower fulcrum than merely the question of lending money. It involves the question of lending money for machinery that might be available for other purposes. We are assuming the fact that the money that would be available, on reasonable terms, represents a penalty for us. The Small Business Administration, the banker, or other lender, can make the money available, and it should not be taken away from the money that will otherwise be made available under this bill. It should not be so used, even if it cannot come from anywhere else, because we defeat ourselves, and defeat those in West Virginia, from the economic viewpoint. The lenders can look at the purpose of the loan and say, "It is worth making a loan for machinery and equipment." It is not that the money is not available; the point is that the money will be available on reasonable terms, so I think we should leave it that way. Then there is the sanction of a banker or a Government official, who has looked at it from the eco-

nomic point of view, and has said, "This loan is feasible. Let us lend the money for the machinery or equipment."

Mr. RANDOLPH. I understand the point made by my eminent colleague. I heard that argument in the days when loans were made by the Reconstruction Finance Corporation. I hear that argument made when loans are administered through the Small Business Administration. Do not misunderstand me when I say I have heard that argument; but constantly we are told there are other avenues through which we may proceed to procure the necessary funds with which to do the job, let us say, of rehabilitating an industry.

I ask my colleague from New York now, if it is good in one agency and the lending ability is present in that agency to provide the funds, what is wrong with setting the opportunity in motion under this bill to provide funds in relation to machinery?

Mr. JAVITS. Again, the judgment of the Senator from West Virginia may be better than my own. I can only advance my best judgment. I say it is wrong because there are different criteria. The very criteria in the bill permit uneconomic loans for machinery and equipment, whereas the criteria in the Small Business Act provide for economic loans. So I say, surely, if we have to do it, be uneconomic in buildings or other facilities; but do not be uneconomic when it comes to machinery and equipment.

That is precisely my argument. It is why I have submitted the amendment. It is a business reason. I am not living in an abstract world: I have had experience in business, in service on boards, and so forth. There is a business reason for the amendment. There is a different criterion if the money is obtained somewhere else than if it is obtained under the bill.

Mr. BYRD of West Virginia. Mr. President, will my colleague from West Virginia yield to me?

Mr. RANDOLPH. Yes; I am delighted to yield.

Mr. BYRD of West Virginia. I am sure my colleague joins me in stating that sources from which financial assistance might normally be expected certainly have not proved to be the whole answer to the problems of our own business firms in West Virginia.

The distinguished senior Senator from New York made reference to the Small Business Administration and to bankers and to others who might be willing, in some States at least, to provide financial assistance. He indicated that it would be good for those people to enter into the picture.

I should like, with my colleague's permission, and with the unanimous consent of the Senate, to present for the RECORD some letters that have been written to me by businessmen in West Virginia, which testify to the fact that long-term, low-interest capital simply is not available to our people in West Virginia.

I have in my hand a letter from Mr. Roswell H. Alt, president of the Petersburg Industrial Development Corp., Petersburg, W. Va., located in the con-

gressional district which my able and distinguished senior colleague represented in the House of Representatives for so many years.

Mr. RANDOLPH. If I may, I interpose only to say that Grant County is one of the strongest Republican counties in the State, Petersburg being the county seat of the county. Its citizens of all political affiliations are generally enterprising and frugal.

Mr. BYRD of West Virginia. I insert the letter in the RECORD with unanimous consent, but I want to read only one or two sentences. The president of the Petersburg Industrial Development Corp. says:

Again, we want to bring to your attention our conversation on the pressing and immediate need for long-term, low-interest-rate financing for prospective industry. From the dozens and dozens of proposals we have submitted to interested industrial companies, this seems to be our largest obstacle. The best industrial financing we can offer at present is our community participation in a Small Business Administration loan. Needless to say, under today's competition for industry, this is very inadequate due to length of term, interest rate, and other problems.

That has reference to the difficulty involved in attempting to get loans from the Small Business Administration.

I ask unanimous consent to have the letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PETERSBURG INDUSTRIAL DEVELOPMENT
CORP.,

Petersburg, W. Va., February 10, 1961.

HON. ROBERT C. BYRD,
U.S. Senator from West Virginia,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: We want to express our appreciation to you for your interest in and your visit to our area in connection with the West Virginia unemployment situation and, in particular, your efforts in exploring the possibilities of improving the national forests in West Virginia. The improvement of the national forests, as we see this, not only affords immediate employment but also provides by far the largest gain for the future in increased recreational facilities, watershed control, water impoundments, reforestation, increased future timber yield, etc.

Again, we want to bring to your attention our conversation on the pressing and immediate need for long-term, low-interest-rate financing for prospective industry. From the dozens and dozens of proposals we have submitted to interested industrial companies, this seems to be our largest obstacle. The best industrial financing we can offer at present is our community participation in a Small Business Administration loan. Needless to say, under today's competition for industry, this is very inadequate due to the length of term, interest rate, and other problems. We earnestly solicit the efforts of you and your colleagues in the Congress to enact some type legislation to enable such communities as ours to offer long-term, low-interest-rate loans to prospective industry.

Thanking you, we are,

Very truly yours,

ROSSELL H. ALT, President.

Mr. BYRD of West Virginia. I have in my hand a letter which I received

from Mr. James Paul Geary, secretary-treasurer of the same corporation, in which he says:

The actual purpose of my writing is to reiterate statements made by me at said meeting with reference to the operating procedures of Small Business Administration. From personal knowledge, it takes approximately 6 months to 1 year from the time application is made to the closing of a loan.

I ask unanimous consent to have the letter printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PETERSBURG INDUSTRIAL
DEVELOPMENT CORP.,

Petersburg, W. Va., February 15, 1961.

Hon. ROBERT C. BYRD,
Senate Office Building, Washington, D.C.

DEAR MR. BYRD: Your personal letter and acknowledgment of the meeting held in Petersburg, Grant County, W. Va., was appreciated, and I was particularly interested in your interest for the Forest Service. Frankly, a large appropriation for this Department would definitely benefit the surrounding area of the Monongahela National Forest.

The actual purpose of my writing is to reiterate statements made by me at said meeting with reference to the operating procedures of Small Business Administration. From personal knowledge, it takes approximately 6 months to 1 year from the time application is made to the closing of a loan. This time element does not necessarily injure local businesses that make application, but is a hindrance when and if Small Business Administration is needed for securing assistance to small businesses or industries that might desire to come into a community. Also, we have been faced with a tremendous problem of competitive interest rates, and, as you know, the 5, 5½, or 6 percent interest rates prohibit communities in West Virginia from competing with State programs such as Pennsylvania and North Carolina now have in effect.

I would like to suggest the possibility of creating a Federal agency specifically designed to assist States such as West Virginia in procuring loans for qualified industries with two principal factors underlying its operation: (1) Immediate action upon application; (2) low interest rates.

Perhaps this could be a temporary agency and the administration of same attached to the now existing Small Business Administration setup.

Very truly yours,

JAMES PAUL GEARY,
Secretary-Treasurer.

Mr. BYRD of West Virginia. I should also like to enter into the RECORD a letter which has been made available to me, a letter written by the president of the Raleigh County Bank.

Mr. RANDOLPH. Mr. President, if the Senator will yield, I point out that Raleigh is his home county.

Mr. BYRD of West Virginia. Yes, it is my home county.

This letter is written by one of our most capable past Governors, the Honorable Okey L. Patteson, now president of that bank.

I think it would be worthwhile if I took the time of the Senate to read the entire context of the letter. I think this letter will be of particular interest to the author of the bill, the senior Senator from Illinois [Mr. DOUGLAS]. It reads:

FEBRUARY 24, 1961.

Mr. CHARLES S. LEWIS, Jr.,
Beckley, W. Va.

DEAR MR. LEWIS: You have handed me a copy of Senator ROBERT C. BYRD's letter to you of February 10 with reference to depressed area legislation.

Unquestionably risk capital has for some time been a great need in the depressed areas of West Virginia. In my opinion the availability of low rate risk capital would be extremely beneficial to the present effort to aid our State generally and this area in particular. Our bank has had numerous applications for business loans that we were unable to accommodate. Our inability is explained in several ways:

First, we are strictly supervised by the State banking department and the Federal Reserve System. Both of these agencies are extremely critical of any loans that are not on a reasonably short term basis and are not adequately collateralized.

Secondly, because of the large number of depositors whose money we are using as trust funds we have to be able at all times to meet with their withdrawal demands.

Thirdly, approximately 50 percent of our deposits are on savings accounts or time certificates. These require payment by us of an interest rate of a minimum of 2 percent and a maximum of 3 percent. Patently, we cannot make loans at approximately the same rate we are paying for money and continue in business.

Fourthly, our loan limit by law for any one loan, either to any one person or corporation, is approximately \$150,000, if we have it available. It would, therefore, be apparent that even the full amount of our loan capacity would be of no practical help to any sizable industry or business.

There are many other reasons that could be given for the bank's inability to meet the present need, but in the interest of brevity we mention only the above. But, from the above, I am thoroughly convinced of the great need for the availability of financial help to business and industry here.

Sincerely yours,

OKEY L. PATTESON,
President.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter to Mr. Lewis from Elmer L. Davis, executive vice president of the Beckley National Bank of Beckley, W. Va.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BECKLEY NATIONAL BANK,
Beckley, W. Va., February 14, 1961.

Mr. CHARLES S. LEWIS, Jr.,
Lewis Chevrolet Co.,
Beckley, W. Va.

DEAR MR. LEWIS: With reference to your memorandum requesting my opinion of the need for long-term, low-interest capital loans to interested persons seeking to locate in our great State, I am very pleased to pass along to you my thoughts in this connection.

I am very sure the need for long-term, low-interest capital in West Virginia would be desirable and attractive to any industry planning on locating or expanding their facilities. The availability of this type of financing, I am sure, would be an excellent talking point to anyone considering our State.

Banks are limited by regulations as to the type of loans that they are permitted to make as well as the size of the loan. Banks are, as a rule, conservative and are not in a position to extend loans that would be considered risk capital for expansion or new development. They also are limited to 10 per-

cent of the capital and surplus of the individual banks. Our bank's loan limit is \$150,000 by regulation.

I certainly believe, if an arrangement could be made by the Federal Government to make available to industry long-term, capital loans at an attractive interest rate, this would be most encouraging and attractive to those wishing to locate within our State.

I trust the above information will be helpful to you in preparing your report on this matter to Senator ROBERT C. BYRD.

Sincerely yours,

ELMER L. DAVIS,
Executive Vice President.

Mr. BYRD of West Virginia. Mr. President, without imposing upon the time of the Senate further, I ask unanimous consent to have printed in the RECORD at this point a letter from the Tug Valley Chamber of Commerce; a letter from the Morgantown Chamber of Commerce; an editorial from the August 22, 1960, Huntington Advertiser; a letter from Andrew W. McLaughlin, of the Blue Grass Federal Savings and Loan Association of Lewisburg, W. Va.; and a letter from Charles J. Eib, of Marlinton, W. Va.

There being no objection, the letters and editorial were ordered to be printed in the RECORD, as follows:

TUG VALLEY CHAMBER OF COMMERCE,

Williamson, W. Va., February 28, 1961.

Subject: Risk capital requirements for Tug Valley area.

Senator ROBERT C. BYRD,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR BYRD: During your efforts in behalf of assisting areas with persistent unemployment, your attention should be directed toward the need for risk capital in many areas.

Within the Tug Valley area we have experienced this need for several years, because our local banking facilities are rather conservative with their lending policies, thereby creating an extremely difficult situation for many of our local business firms and/or individuals who are in dire need of additional financing.

Many of these individuals borrowed money several years ago during a period that their operating capital was such that high monthly payments were possible without any inconvenience; however, today these same people experience financial difficulty as a result of our depressing economic conditions and can not maintain satisfactory repayments schedules. Although their position within our communities is excellent, their potential to borrow funds for the purpose of refinancing is limited within our immediate area. This condition necessitates trips to other cities for the purpose of securing additional funds with which to survive businesswise and on a basis which would provide sufficient operating capital.

Assuming that a young man wished to embark on a new venture in our area, the odds would be that he would have a difficult time establishing himself sufficiently so that he could borrow any sufficient sum of money, assuming, of course, that there was no one here to endorse his note for a loan or that he did not possess any type of security in fixed assets or real estate.

Then again, we have several established business firms and/or individuals who have tried to expand their present business operation or strengthen their present financial status who have been presented with this constant refusal to loan them the necessary funds.

For example, several months ago, one of our local established businessmen visited

our office to discuss a planned improvement to his property which is located almost directly across the street from my office. This improvement would have greatly improved not only his property, but a section of our downtown business district. He could not secure the necessary capital from our local banks. He had to leave our city—our county—and our State to secure the necessary funds with which to do the work. I might add that he is currently engaged in the property improvement and, upon completion, he will have a beautiful retail outlet.

Even our lumber dealers resort to utilization of outside capital to finance some of their homebuilding programs, because our local banking institutions will not provide necessary funds.

Generally speaking, I would state that our local banking facilities do not possess the confidence required for a vigorous, aggressive approach to our economic survival within this area. Risk capital is a phrase which is frowned upon within these circles.

I strongly feel that risk capital which would be made available to our area would permit several smaller business firms to secure a vital "shot in the arm," so that they can survive the future economic problems which we will encounter.

Realizing of course that these loans with risk capital would be repaid, our business firms and/or individuals could stimulate our local economy via necessary arrangements for improving their business conditions and operations.

Another example, several months ago we had a local man visit us to discuss the possible establishment of a garment industry within our area. He needed \$10,000 with which to start the project. He was willing to invest an additional \$5,000 of his personal funds for the business. Neither of our county banks would loan him the requested amount of capital, because they did not feel that he would survive the current economic conditions. The Tug Valley Industrial Corp., Williamson, Mingo County, W. Va., finally approved a \$10,000 loan to this individual. He has been in operation since December 1960. Today he is out taking orders for finished goods which have already been completed. He is experiencing difficulty with this venture, but he is trying to do his best and is devoting a great amount of time and effort toward this goal. He is also trying to secure Government contracts and subcontracts for his firm in order to prove successful. Under the terms of our loan, his first payments do not become effective until the end of 1963, therefore, he has plenty of time to overcome his problems.

We also refer to a metalworking plant which had a desire to locate within our area. This project consumed approximately 12 months of contacts, investigation, and coordination. In the final analysis, our local bank refused to assume a participating loan portion in the amount of \$12,500. The total loan agreement with the Small Business Administration was for \$50,000. We lost the firm. The financial status of this firm was not the best in the world; however, the man is still in operation and seems to be surviving.

In a nutshell, we do not anticipate any new industry coming into our area with any "gold-plated" proposition, because we are in an area which is in dire need of internal improvements, many of which must be accomplished via local effort. Risk capital is but one of our many local problems.

We do feel that a change of heart with some of the lending policies within our area will assist substantially with overcoming this present defect within our economy. The sooner the better.

Your assistance in this respect with regard to any type Federal action in this field would

be greatly appreciated by many small businessmen and business firms.

Thank you.

FRANK G. TSUTRAS,
Managing Director.

MORGANTOWN CHAMBER OF COMMERCE,
Morgantown, W. Va., March 1, 1961.

HON. ROBERT C. BYRD,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: I have received your letter of February 22 and I appreciate the opportunity to pass along to you local data substantiating the need for long-term, low-interest capital in West Virginia.

Our local chamber of commerce, just in the past 3 months, has been aiding three local manufacturing companies to obtain long-term, low-interest capital for expansion in these plants. These companies are the Valley Manufacturing & Distributing Co., the Galis Electric & Machine Co., and the Industrial Manufacturing Co., all local Morgantown companies. These companies at the moment all have loans from our local banks but the companies are still in need of more financial assistance and risk capital. One company already has an application in for a Small Business Administration loan, we are assisting one of the other companies in making an application for a Small Business Administration loan, and the third company still does not have a solution to its needed capital problem. These are all three good companies employing a total of over 250 local workers.

Another company that has not contacted the chamber concerning needed capital but has requested an additional loan from one of our banks is the Industrial Machine & Manufacturing Co. of Morgantown.

As you know, Morgantown does not have too great a number of local industries. Quite a portion of our basic salaries comes from employment at West Virginia University, the U.S. Bureau of Mines Appalachian Experiment Station, and the local coal companies.

To a reasonable extent our local banks have been able to provide a limited amount of capital for our local industries. However, a good part of it has not been nearly as long-term or as low-interest rate as would be desired. I also feel that if business does not take an upturn for the better, more local companies will be in need of additional long-term capital.

Hoping that this information will be of some assistance to you in preparing your comments on the proposed depressed areas legislation and thanking you again for the opportunity to make these observations, I remain,

Most sincerely,

JAMES R. MCCARTNEY,
Managing Director.

[From the Huntington (W. Va.) Advertiser,
Aug. 22, 1960]

FINANCING IS MAJOR OBSTACLE TO STATE INDUSTRIAL GROWTH

An illuminating and challenging letter for all West Virginia has come to us from Lloyd A. Cook, president and general manager of Ravens-Metal Products, Inc., of Parkersburg.

The company was the first to organize in the Ohio Valley for fabricating aluminum from the giant Kaiser Aluminum & Chemical Corp. works at Ravenswood.

At the time it was formed 4 years ago, the Advertiser published an editorial commenting on the opportunities here and all along the Ohio Valley for men with enterprise and know-how to launch similar industries.

The Kaiser Co. itself had expected such satellite plants to spring up in West Virginia as they had near the firm's operations at Spokane, Wash. But even after 4 years the development is not taking place.

At least one of the major reasons why it

is not was pointed out in Mr. Cook's letter referring to our editorial. The difficulty his company has encountered, he believes, may apply to the entire area of industrial development.

So his experience seems to tell in part why the State has lagged in creating new jobs for men idled by the mechanization of coal mines.

The difficulty is financing.

To begin operations the Ravens-Metal Co. had to sell stock to the public.

Those who bought at that time have seen the value of their shares rise from \$10 to \$15. The advance has taken place as a result of steady growth of the business that has required the opening of two new plants, one at Elizabeth and another at Ellenboro.

During the 4 years the number of employees has risen from 5 to 55. Assets have climbed from \$127,000 to \$400,000. Annual sales have leaped from \$57,000 in 1957 to a 1959 total of \$500,000. The sales goal for this year is \$750,000.

That is substantial progress. No doubt it has required hard work, dedication, and loyal cooperation throughout the team of management and employees.

But even with all the company's human and material assets and its remarkable record of growth, it still has to go to the public for its financing.

Neither banks nor Government agencies have responded to the need.

And having to go to the public week after week to sell stock to finance expansion needed almost constantly to keep production up with sales takes time and effort that should go into planning, development, and supervision of operations.

The problem is of particular importance here because the chamber of commerce has adopted as a major project for the year the development of plants to fabricate products of basic industries in this area.

Solving it would help meet the State's particular need of small plants in the mountainous mining areas unsuitable for large industries.

One solution has been suggested by Andrew W. McLaughlin, Lewisburg businessman, who spoke before the Rotary club here this month. His plan calls for the creation of a State manufacturing and marketing commission composed of a five-man board in each county.

The county boards would choose a seven-member board of managing directors. This group would employ a paid managing director and an auditor.

The commission would be provided with at least \$15 million for loans to new industries and those needing money for expansion. The money might come from a State appropriation or partly from Federal funds for assisting the recovery of depressed areas.

An obstacle would be the necessity of a constitutional amendment for authorizing the commission to make loans to private corporations.

The urgent need of some such plan has been demonstrated not only by the slow industrial growth in West Virginia but by the faster development in other States that have programs for helping new concerns get started and to meet the needs of expansion.

The problem should get the serious attention of officials and of all organizations interested in speeding industrial expansion to move the State out of the economic doldrums.

BLUE GRASS FEDERAL
SAVINGS & LOAN ASSOCIATION,

Lewisburg, W. Va., February 15, 1961.

MR. WENDELL S. REYNOLDS,
Huntington Publishing Co.,
Huntington, W. Va.

DEAR MR. REYNOLDS: I have your letter of February 13, requesting information of new

industries that are in need of capital in their expansion and growth.

I could list many of these for you in various counties throughout the State, but I shall limit this list to those in our immediate vicinity which is as follows: Greenbrier Instruments and Greenbrier Electronics in Ronceverte, Fairlea Metal Works, Fairlea, Maxwellton Manufacturing Co., Lewisburg.

These are a few of those that have been established and managed to survive to a certain point, one thing needed for industrial development and expansion is capital.

I have read with interest, your various editorials on industrial development; Jean Harper sends them to me. I certainly commend you for the work that you are doing.

Very sincerely,

ANDREW W. McLAUGHLIN.

MARLINTON, W. VA., February 13, 1961.

HON. ROBERT C. BYRD,
Senate Office Building,
Washington, D.C.

DEAR SR: In answer to your request for my views on helping West Virginia and Pocahontas County, made at a dinner meeting here, I submit the following suggestions:

It is my belief that too many people for too long have been looking to the Government to take care of all their problems, thus causing many to lose their self reliance. It is my contention that Government should only help people to help themselves, and that free handouts should be held to a minimum.

However, there are vast projects such as the national forests, flood and power dams, reclamation work, etc., which could not be handled by private individuals alone, and it is in these fields that Government must step in. But in this connection I would like to point out that probably 95 percent of the people believe or delude themselves into thinking that Government projects are free since the Government furnishes them, not realizing that Government work is very costly in the long run.

Also, we must face the fact that the unemployment crisis in West Virginia has been building up for a long time, and hungry people cannot wait for long-range projects and must be put to work immediately. However, I believe that while a crash program is in progress, attention must be given to long-range planning so that our economy can again be rebuilt.

For example, Pocahontas County is an important producer of lumber, yet the majority of this product is exported to other States for manufacture. I am reliably informed by U.S. Forest Service employees that last year only 30 percent of the timber on the Monongahela National Forest was cut that should have been cut, because there was no suitable market. It is my belief that small woodworking plants throughout the area would give real help to the unemployment problems * * * let's produce our own furniture, dimension stock, pressed board, etc., right here where the timber is grown. The same theory applies to other West Virginia products.

Since its inception 2 years ago, I have been associated with a small furniture plant here, the buildings of which were the former exhibit buildings of the Pocahontas County Fair. The principal products of this factory, two-piece living room suites (upholstered) have been widely accepted and compare favorably with those produced in other States and are sold at a better price, yet because the plant was started on a shoestring, it has never been able to really get going because of lack of sufficient working capital. The local people who are interested in this project do not have the money, while the people who have the money are not interested in local development.

It was my dream, in helping to get this plant started, that it would prove to be a pilot plant for other woodworking and furni-

ture establishments throughout the Greenbrier Valley area, and I still believe that this dream can become a reality. There are still many people left who have courage, imagination, and initiative, and were they to be encouraged to the point where the Government could furnish sufficient risk capital on a long-term basis, say on a 50-50 matching basis. I believe that establishment of many small plants would result. I realize that when the Government puts up money of this type, it wants security, as is shown by the Small Business Administration, but we as a people have lately squandered billions around the world, so it should not be too great a problem to take a chance on reputable people in our own land. We residents of West Virginia should learn to create wealth through the products that the Creator has given us. We have the products, but we must learn how wealth is created. This phase of manufacture should be included in a retraining program, which could well give some thought to the tourist potential also.

If any of the thoughts or experiences I have mentioned here can be of any help in assisting West Virginia to rise to the place it should occupy, I will indeed be very grateful.

Very truly yours,

CHARLES J. EIB.

Mr. BYRD of West Virginia. Mr. President, these letters all testify to the fact that adequate sources of risk capital simply do not exist in West Virginia.

I point out, as I did during the hearings on the bill, that of 77 national banks operating in West Virginia at the close of business June 30, 1960, only 16 had assets in excess of \$10 million, and only 5 had assets in excess of \$25 million. Of the 106 State banks and trust companies in West Virginia, only 16 had assets in excess of \$10 million, and only 2 had assets in excess of \$25 million.

Mr. President, I say again, in support of the contention of my colleague from West Virginia, that in our State there simply are not available sources to meet the financial needs which must be met if business is to expand and industry is to be attracted to these depressed areas.

I thank my colleague for yielding to me.

Mr. RANDOLPH. Mr. President, it seems unnecessary, in the light of the compelling comments and the helpful supporting evidence which has been placed in the RECORD by my colleague from West Virginia, to labor the matter further. We believe, if such an amendment were placed in the measure before us, there would be an inhibiting impact on potential industrial growth and new job opportunities in West Virginia. I trust the amendment of the Senator from New York will not prevail.

Mr. DOUGLAS. Mr. President, unless there are other Senators who wish to speak on the amendment, I am ready to yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Illinois yield back the remainder of his time?

Mr. DOUGLAS. I yield back my remaining time.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] to the committee amendment.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN] and the Senator from Alaska [Mr. BARTLETT] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. McCARTHY] are absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. BARTLETT], the Senator from Minnesota [Mr. McCARTHY], and the Senator from North Carolina [Mr. ERVIN] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of death in his family.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The result was announced—yeas 32, nays 61, as follows:

[No. 10]

YEAS—32

Aiken	Curtis	Lausche
Beall	Dirksen	Miller
Bennett	Dworshak	Mundt
Boggs	Fong	Robertson
Bridges	Goldwater	Saltonstall
Bush	Hart	Schoeppel
Butler	Hickenlooper	Scott
Carlson	Hruska	Smith, Maine
Case, N.J.	Javits	Williams, Del.
Case, S. Dak.	Keating	Young, N. Dak.
Cotton	Kuchel	

NAYS—61

Anderson	Hickey	Moss
Bible	Hill	Muskie
Burdick	Holland	Neuberger
Byrd, Va.	Humphrey	Pastore
Byrd, W. Va.	Jackson	Pell
Cannon	Johnston	Proxmire
Capehart	Jordan	Randolph
Carroll	Kefauver	Russell
Church	Kerr	Smathers
Clark	Long, Mo.	Smith, Mass.
Cooper	Long, Hawaii	Sparkman
Dodd	Long, La.	Stennis
Douglas	Magnuson	Symington
Eastland	Mansfield	Talmadge
Ellender	McClellan	Thurmond
Engle	McGee	Wiley
Fulbright	McNamara	Williams, N.J.
Gore	Metcalf	Yarborough
Gruening	Monroney	Young, Ohio
Hartke	Morse	
Hayden	Morton	

NOT VOTING—7

Allott	Chavez	McCarthy
Bartlett	Ervin	Prouty
Blakley		

So Mr. JAVITS' amendment to the committee amendment was rejected.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DOUGLAS. I move to lay that motion on the table.

The motion to table was agreed to.

Mr. DIRKSEN. Mr. President, I ask for recognition on the bill in order to offer an amendment, but I shall not submit the amendment until after I have yielded to the Senator from Minnesota, who wishes to offer two technical amendments which have been cleared with the ranking Republican member and other members of the Committee on Banking and Currency.

Mr. HUMPHREY. I thank the Senator from Illinois.

Mr. President, the amendments are designated 3-14-61-A and 3-14-61-B. Last evening I discussed the amendments in the Senate, but because the minority leader was not here and the ranking Republican member of the Committee on Banking and Currency was not here, and at the request of the Senator from New York [Mr. JAVITS], I did not press for the consideration of the amendments.

My amendments do two things. Amendment designated "B" permits, under sections 6 and 7, participation by an Indian tribe in providing a share of the funds required for any type of program. This is not to increase the cost; it merely makes a participant out of the tribe, as it well should.

The amendment designated "A" includes in the definition of the United States, where the islands are spelled out, "and the Virgin Islands."

Mr. SCOTT. Mr. President, reserving the right to object, I should like to address an inquiry to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota has not yet offered his amendments.

Mr. HUMPHREY. I shall do so now. I have cited the amendments. I ask that they be made the pending business.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 80, line 6, it is proposed to strike out the period and insert "and the Virgin Islands."

Amend section 6(b)(9)(B) to read:

"That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan;"

Amend section 7(c) to read:

"In making any loan under this section, the Secretary shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is located or by the Indian tribe on whose reservation such project is located as equity capital or as a loan."

Mr. HUMPHREY. Mr. President, the only new words in the amendment designated "B" are the words "Indian tribe." The rest of the language is in the bill.

In some States, where there is a substantial Indian population, it is possible that a State might not provide, as the bill does, equity capital on the part of the State for a project on an Indian reservation. Therefore, if the State, through

its legislature, is unwilling to provide such capital, all the amendment provides is that if an Indian tribe has private resources—tribal resources—and is willing to put up 10 percent or more, as would be required under the language of the bill for any political subdivision or nongovernmental organization, the tribe would not be denied that opportunity.

Mr. SCOTT. Mr. President, I should like to address an inquiry to the Senator from Minnesota, based upon the fact that I have several times expressed concern that the attempt to relieve areas of actual continuing, chronic unemployment might be so diluted or watered down as to defeat some of the purposes of the bill. I had been of the impression that the tourist trade and other resources of the Virgin Islands had rendered it an area which would hardly be considered a distressed area. Is the Senator from Minnesota in possession of any facts which would indicate that the criteria of the bill would bring the Virgin Islands under the need for aid to distressed areas, under the distress criteria?

Mr. HUMPHREY. My response is simply that the Virgin Islands were included together with Puerto Rico simply because they are a part of the United States of America. If it is a distressed area, it does not qualify. There is no mandate that every inch of territory or every group of people in the United States automatically qualifies. They qualify only if the request for assistance meets the criteria established in the bill. I do not believe we ought to exclude this area, because it may very well have its own problems.

Mr. SCOTT. I thought the Senator from Minnesota could enlighten me. I was curious as to whether or not the Virgins were in distress. I thank the Senator.

Mr. HUMPHREY. I will comment privately to the Senator a little later.

Mr. DOUGLAS. Mr. President, I am glad to accept the amendments. I think they are meritorious. A number of Senators from the Northwestern States and Southwestern States have suggested them. I hope they will be accepted.

The PRESIDING OFFICER. The question is on agreeing en bloc, to the amendments offered by the Senator from Minnesota.

The amendments were agreed to.

Mr. DIRKSEN. Mr. President, I yield to the distinguished Senator from Arkansas.

THE OECD CONVENTION

Mr. FULBRIGHT. Mr. President, the proposed Organization for Economic Cooperation and Development is a recognition of a shift in economic strength which has been taking place steadily since World War II.

At the end of the war, the United States was the giant which dominated the world's economy, and for several years thereafter the rest of the world, and particularly devastated Western Europe, was dependent upon exports from this country, paid for to a considerable extent by U.S. aid.

The very success of our foreign economic programs has created new problems and new opportunities. The renewal of the industrial power of Western Europe, as well as that of Japan, has brought about an ability of those countries to bear a larger share of the free world's requirements of trade and investment, and opportunities for coordinating far greater total economic resources.

While the OECD gives the United States an opportunity to bring about a more equitable sharing by others of the economic problems, of which it has carried a disproportionate share, the Senate should not ratify this convention under any illusion that our own share should be smaller, absolutely. However, it may be, and, in my opinion should be, smaller, relative to the total effort which the free world must make.

While the industrialized nations of the free world have been growing apace, the gap between them and the less developed nations has steadily widened. An effort to narrow this gap is one of the primary purposes of the OECD.

Does it need to be argued, now, that this disparity is something which ought to concern us? I think not, but let me repeat here what the President said about it in his inaugural address.

To those peoples in the huts and villages across the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communist may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.

The shift, from dependence upon the United States, as the dominant economic power of the free world, to interdependence among the countries of Western Europe, Japan, and the United States, has been brought to the forefront by the decline in our balance of payments position.

For the past 10 years our balance of payments has resulted in a deficit—except for 1957, the year of the Suez crisis. From 1951 to 1957 this deficit averaged about \$1 billion a year. During these years foreigners held these net dollar earnings in the form of dollars or dollar-earning investments, and at the end of that period our gold reserves were actually slightly larger than at the beginning. In 1958, 1959, and 1960, however, the much larger deficits of \$3.5 billion, \$3.8 billion, and \$3.8 billion, respectively, resulted in outflows of gold of approximately \$4.7 billion, total.

The earlier deficits in our balance of payments were, on the whole, beneficial. They financed the export of American goods and services which enabled the rebuilding of other industrialized countries, made possible the restoration of convertible currencies, and increased free world trade. The dollar was being used as the primary reserve currency of the non-Communist world. But the accumulation of dollar holdings abroad placed a heavy burden upon the United States to maintain a dollar "as good as gold." When foreigners began to doubt

this would be done they began, increasingly, to exchange dollars for gold.

As the President said—

These gold transfers did not make the underlying balance of payments worse. They did reflect a decision by foreigners to take more of their earnings in gold and to hold less in dollars.

The causes of our balance of payments deficits are well known, and I shall not detail them here. Broadly speaking, our excess of exports over imports have not been sufficient to cover military expenditures abroad, foreign aid programs, and private investment.

While our exports increased substantially last year by more than \$3 billion, some of this increase was in goods, such as raw cotton and jet aircraft, which cannot be expected to be repeated, and it is doubtful that we can rely upon last year's rate of increased exports to cover our deficit.

Furthermore, the other industrialized countries are offering increasing competition to our exports, both within those countries and elsewhere.

As currencies of most industrialized countries have become convertible, American investment abroad has become more attractive.

The American economy has not grown at the same rate, in recent years, as have those of other advanced economies of the world. In the OEEC countries of Europe as a whole, gross national product rose at an annual rate of 4.6 percent from 1950 to 1957, while it was rising in the United States at a rate of only 3.6 percent. Canadian GNP rose at a rate of 4.4; France's GNP rose at a rate of 4.7; Germany's at 8.0 percent; Italy's at 5.8 percent. The development of the Common Market and the European Free Trade Association enhanced the attractiveness of American investment in the participating countries.

At the same time, the development of the Common Market and the European Free Trade Association created potentialities of further discriminations against our exports, those of other nations, and as between the two groups themselves.

Monetary policies of other nations have contributed to the imbalance of payments of the United States. At a time when our Federal Reserve discount rate was being reduced to 3 percent, because of recession, the German Bundesbank, fearing inflation, raised its comparable rate to 5 percent, and the Bank of England increased its rate to 6 percent.

This resulted in a flood of short-term funds leaving New York for Germany and Britain, a large increase in gold outflow and speculation on the value of gold. At the same time, the large inflows of American funds contributed to inflationary pressures in Germany. When this was realized, the Germans and British cut back their discount rates. In the meantime, our own monetary authorities have had to maintain relatively high short-term rates, and to operate primarily in the long-term market to bring about an easier monetary situation within the United States.

These developments brought a new awareness of the interdependence of the industrialized nations outside the Iron Curtain. The OECD is designed to deal with such problems.

Developments in the Soviet bloc have emphasized the dangers of division outside it. Some of these are summarized in a report to the Committee on Foreign Relations by the Corporation for Economic and Industrial Research, as follows:

The Soviet intention is to attempt to take over the world for communism, and its latest economic plans show that it is mobilizing its rapidly growing industrial strength for precisely this purpose.

While the income of the Soviet bloc will grow by 120 percent by 1970, that of the free world will grow by only 83 percent, and that of the United States by less than 70 percent. In industrial output, other than for consumers, the Soviet might overtake the United States before 1970.

Soviet cold war efforts are now being focused increasingly on the economic arena, and they have selected as targets the underdeveloped countries and will soon have substantial capital goods production to support their campaign.

World population will rise rapidly (22 percent) by 1970, that of the free world underdeveloped countries by almost 30 percent. Because of this, disparities in per capita income will grow even greater between the rich and the poor countries of the free world.

The underdeveloped countries are stirring under a worldwide dissatisfaction with present conditions and methods, and impatience for rapid economic growth. Unless the free world can make a distinct change and create soundly based hope for rapid economic improvement, the underdevelopment countries might fall prey to the "growth without consumption" formula of the Communist system.

Loss of the resources of the underdeveloped countries to the Communist community would completely change the world balance of power in favor of the U.S.S.R.

This is the background for the necessity of economic cooperation and development among the nations outside the Soviet bloc.

In 1948, when the Marshall plan first began operation, representatives of 16 European nations formed the Organization of European Economic Cooperation. This was an organization which recognized the interdependence of the nations of Western Europe, as well as their dependence upon the United States for economic reconstruction. The OEEC played an important part in Western Europe's recovery. Through it, the member nations liberalized their trade, and, through it, they created the European Payments Union, a system by which the member nations maintained balances of payments among themselves. The OEEC, founded as it was in European dependence upon U.S. economic power, was rendered obsolete, not only by the development of the Common Market, and the European Free Trade Association by members within the OEEC, but also by the growing interdependence of Canada and the United States and the OEEC countries.

Against this background, the Eisenhower administration, late in 1959, took the initiative of proposing the conversion of the OEEC into a new Organiza-

tion for Economic Cooperation and Development, comprising the OEEC countries, with Canada and the United States as full members.

The threefold aims of the Organization are set forth in article 1 of the convention as follows:

1. to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;

2. to contribute to sound economic expansion in member as well as nonmember countries in the process of economic development; and

3. to contribute to the expansion of world trade on a multilateral, nondiscriminatory basis in accordance with international obligations.

Under article 2 of the convention, the members agree that in pursuit of these aims they will, individually and jointly, in general terms of objectives, rather than specifically, promote and pursue policies which will contribute to the economic development of both member and nonmember countries.

In article 3, the members agree that they will keep each other informed, consult on a continuing basis, carry out studies, cooperate closely and, where appropriate, take coordinated action.

Article 5 empowers the organization to take decisions, make recommendations and enter into agreements. The decisions, however, are subject to a provision in article 6 that is worthy of special note. It provides that no decision shall be binding upon any member until it has complied with the requirements of its own constitutional procedures, although the other members may agree that such a decision shall apply provisionally to them.

Article 6 also provides for voting procedures which give each member veto power. Under Secretary Ball explained this provision as follows:

A nation which opposes a particular proposal has the option either of voting against it, in which case the proposal is killed, or of abstaining, in which case the proposal does not apply to that country.

In both the committee report and the resolution of ratification, the committee has gone to considerable pains to explain that nothing in the Convention enlarges, diminishes, or alters the powers of the President or the Congress in respect to any substantive actions which may be taken by the OECD. A clear expression of the interpretation and understanding of the Senate is incorporated in the act of ratification.

The President, in his message on the balance of the payments and gold outflow, described the role of the OECD as follows:

The OECD, in which the industrialized countries of Western Europe, the United States, and Canada will be joined, is of vital importance for assisting, on a cooperative basis, the developing countries of the free world. It will also provide a solid framework within which we can carry out intensive and frequent international consultations on the financial and monetary policies which must be pursued in order to

achieve and maintain better balance in the international payments position.

The OECD is to be primarily a forum for communication, education, and understanding. Countries with common interests and common problems will be able to discuss their goals and problems within an organization designed precisely for that purpose.

Within the OECD there will be a Development Assistance Committee, which will include Japan, whose function it will be to consider steps to be taken to increase the total effort of the industrialized nations of the world to close the gap between their own development and that of the less developed areas. This Committee will succeed the Development Assistance Group which was established in January 1960, when the negotiations for the OECD began. According to the Secretary of State, the discussions which have taken place within the DAG already have borne fruit, with some European countries increasing their aid programs and making arrangements to provide grants as well as loans, and long-term development credits as well as short-term export credits.

Also within the OECD will be a Trade Committee. I hasten to quote the words of the Secretary of State with regard to what the OECD and its Trade Committee will not do, as follows:

I can state unequivocally that the OECD will not assume broad trade functions. It will not cut tariffs. It will not assume any of the functions which had been planned for the Organization for Trade Cooperation. Nor will the OECD in any way infringe upon or control the GATT (General Agreement on Tariffs and Trade) * * * The OECD will have nothing to do with tariff making. It carefully recognizes the constitutional requirements in the United States. It is designed to expand economic activity, including U.S. export markets, not to contract it. It is an essential instrument in our efforts to develop the strength and cohesion of the entire free world.

The Trade Committee will serve as a forum for confrontation on general trade policies. This will provide the United States with an opportunity to press those countries which still maintain restrictions on our exports, particularly our agricultural exports, for the removal of them.

For my own part, let me state here that I believe the time has long since passed when countries in strong reserve positions have legitimate reasons for discriminating against U.S. exports. I intend to do everything in my power to persuade our State, Agriculture, and Commerce Departments and our missions abroad to insist on the removal of these remaining discriminations. It is true that some progress has been made, but it is also true that many protective devices still exist, particularly with respect to American agricultural products, with no substantiation in sound economic policy.

The same observations can be made with respect to the ability of these nations to contribute to programs for the development of the less developed countries of the world.

While much has been said in the hearings and discussions of the OECD about

what it will not do, much more needs to be said about what its possibilities are. In determining these we should consider the viewpoint of the administration as to its intentions, for much will depend upon this.

The Wall Street Journal of March 3, 1961, carried an article calling attention to an aide memoire presented to the German Government by the State Department. This article called the aide memoire:

The most definitive declaration to date of a quietly evolving program of far-reaching consequences. * * * The chief draftsman of the aide memoire, in the final stages, was President Kennedy himself.

I read from the text of the aide memoire.

We are on the eve of creating a new phase in the history of the North Atlantic Alliance. We have new tasks; and the recovery of Western Europe in the 1950's has given us new resources. Together the resources which we dispose are much larger than those we could command in the immediate postwar years and they are better distributed among us.

To deal with these new tasks we must begin by recognizing that we are interdependent in all we do; and that our common burdens must be shared in a way that our peoples will recognize as fair.

The economic questions now under discussion between the United States and Germany are not bilateral questions. The deficit of the United States arises wholly from its commitments and actions in the common defense of the free world. Without these freely assumed obligations the United States would now be running a heavy surplus in its balance of payments. These matters therefore must be approached in terms of a rebuilding of the alliance and in terms of the principles which should govern the effort over coming months and years.

Specifically, we must examine how we can share fairly two burdens, the burden of the common defense; and the burden of long-term economic assistance to the underdeveloped areas.

It is clear that we must design formula which take account of the proportions of our total resources now flowing to these two common purposes; and which make allowance, as we do in our domestic taxation systems, for the principle that the richer among us shall bear a higher relative burden than the poorer.

In addition, we must all come to recognize a principle on which the United States has acted in the years after World War II. That principle is that a sustained accumulation of gold and other international reserves by any one country is disruptive to the international community. Especially now, when trade is expanding faster than gold production, we must learn to use our reserves on a communal basis, recognizing that one nation's gain can only be another nation's loss.

The Government of the United States believes that the question of equitable shares in the common effort to assist the underdeveloped nations of the free world should be urgently examined within OEEC, in anticipation of the OECD coming into effect; and that the question of equitable shares in the common defense be urgently examined within NATO.

The United States could have reacted to its balance-of-payments situation—and to the political, economic and military disagreements which have arisen in the Western alliance—as a rationale for escape back into that era of our his-

tory characterized by withdrawal, isolationism and Smoot-Hawleyism.

I think it is clear that the present administration—and this applies, in fact, to the past administration as well, for it, after all, originated this convention—has no intention of doing this. I welcome this decision which is, I think, embodied in the OECD, not in any legal sense, nor, in fact, even by way of a moral commitment which would be binding upon those who do not wish to be bound. The OECD, nevertheless, represents a decision on the part of the United States, as well as the other members that, while we may not step forward, in terms of free world unity, as vigorously as some think we should, we need not, perforce, step backward. We shall, in fact, search for ways to move toward closer cooperation through the OECD.

We in the United States can agree, I think, that the other industrialized nations of the world should do more, in terms of trade and aid, without this necessarily meaning that we should do less. This, I think, is the meaning and the opportunity of the Organization for Economic Cooperation and Development.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. DIRKSEN. Mr. President, I call up my amendment in the nature of a substitute. I ask unanimous consent that, in lieu of its being read, the amendment may be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Assistance Act of 1961".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that, even during periods of prosperity for the Nation as a whole, some of our communities suffer substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and decrease economic vulnerability by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

AUTHORITY OF SECRETARY OF COMMERCE

SEC. 101. (a) The Secretary of Commerce, hereinafter referred to as the Secretary, may designate as an area of substantial and persistent unemployment any area certified as eligible for such designation by the Secretary of Labor.

(b) To assist areas in the United States designated as areas of substantial and persistent unemployment, the Secretary is authorized—

(1) to make grants for technical assistance for such areas in accordance with the provisions of section 106(a) of this Act; and

(2) to provide loans for such areas in accordance with the provisions of section 107 of this Act.

(c) The Secretary is also authorized—

(1) to extend the full cooperation of the Federal Government to all areas in the United States (including Puerto Rico) in promoting the more effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries; such cooperation to be provided through technical advice and consultation and, when necessary, through the conduct of special studies.

(2) to decrease, through grants made in accordance with the provisions of section 106(b) of this Act, the economic vulnerability of (i) towns predominantly dependent on one industry, (ii) small towns which could serve as centers for economic diversification of low-income rural areas, and (iii) other low-income rural areas not subject to assistance as in (ii), by helping them to develop manufacturing, processing, and other activities calculated to diversify and improve their economies; and

(3) to coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

(d) As used in this Act:

(1) The term "United States" includes the several States and the District of Columbia;

(2) The term "State" refers to an individual State or the District of Columbia; and

(3) The term "loan" includes loans, immediate participation in loans, and purchase of evidences of indebtedness.

AUTHORITY OF SECRETARY OF LABOR

SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, certify the existence of areas eligible for designation as areas of substantial and persistent unemployment whenever he finds, on the basis of available labor force data, or studies which he initiates when he deems necessary that—

(1) the rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

(2) the annual average rate of unemployment in the area has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

(b) In the case of labor market areas for which appropriate historical labor force data have not been compiled, the Secretary of Labor shall certify as eligible for designation as areas of substantial and persistent unemployment those areas in which the unemployment rate and duration, based on a survey of available labor force data, generally equals or exceeds the rate and duration specified in section 102(a).

(c) The Secretary of Labor may also certify under subsection (a) or (b) of this section the existence of eligible areas upon request of any appropriate State government agency, instrumentality, or political subdivision.

(d) The Secretary of Labor is authorized, upon request and whenever he determines

that such studies are needed, to undertake, or to provide assistance to others in studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of an area certified under this section.

(e) When skills of the labor force in an area designated under section 101 are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

(f) Whenever the Secretary of Labor finds a need for vocational education services in an area designated under section 101 and when such area has an economic development program as provided in section 107(b) (10) he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State vocational education agency for the provision of such services in the area. There is hereby authorized to be appropriated not to exceed \$1,500,000 annually for the purpose of providing financial assistance under this subsection.

AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

SEC. 103. Title I of the Housing Act of 1949, as amended, is amended by adding the following new heading and section at the end of title I:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT"

"SEC. 113. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (referred to as 'municipality' in this section) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1961 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1961 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) of this title that the project area be clearly predominantly residential in charter or that it will be predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban re-

newal plan: *And provided further*, That the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b) hereof.

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested under this section for the completion of such project notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an area of substantial and persistent unemployment.

"(f) Not more than 10 per centum of the funds authorized for capital grants under section 103 after June 30, 1960, shall be available to provide financial assistance under this section."

SEC. 104. (a) The first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give priority to applications of counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determined to be areas of substantial and persistent unemployment under the Area Assistance Act of 1961: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Assistance Act of 1961 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and equal priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need; the Administrator shall give a first priority above all others to applications for financing needed public facilities in connection with, and that will directly serve, a project eligible under section 107 of the Area Assistance Act of 1961."

(b) The first sentence of section 203(a) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury from time to time, and to have outstanding at any one time in an amount not exceeding \$150,000,000, notes and other obligations, which limit shall be increased by such amounts, not exceeding \$100,000,000, as may be specified from time to time in appropriation Acts."

URBAN PLANNING GRANTS

SEC. 105. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "Cities, other municipalities, and counties which" the following: "(A) are situated in areas designated as areas of substantial and persistent unemployment under section 101(a) of the Area Assistance Act of 1961, or (B)."

GRANTS FOR TECHNICAL ASSISTANCE

SEC. 106. (a) In carrying out section 101 (b) (1), the Secretary is authorized to make grants for technical assistance including studies evaluating the needs of, and developing potentialities for, economic growth of areas designated under section 101(a). These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529). Appropriations are hereby authorized for these grants in an amount not to exceed \$1,500,000 annually.

(b) In carrying out section 101(c) (2), the Secretary is authorized to make similar grants for the benefit of towns and areas described therein. Negotiations taking into account the financial ability of the grantee

and other relevant considerations shall be made for contributions to costs of projects undertaken hereunder. These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and appropriations therefore are hereby authorized in an amount not to exceed \$2,000,000 annually.

LOANS

SEC. 107. (a) In carrying out section 101 (b) (2) of this Act the Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within an area of substantial and persistent unemployment for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, for purchase of machinery or equipment, or to assist establishments relocating from one area to another.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section shall not exceed \$75,000,000;

(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the area of substantial and persistent unemployment wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) No loans shall be made unless it is determined that an immediate participation is not available;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) No loan, including renewals or extension thereof, may be made hereunder for a period exceeding thirty years and no evidence of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loans or of such evidence of indebtedness;

(8) Each loan shall bear interest at a rate equal to the interest rate currently payable under section 108(e) on advances from the Treasury, plus one-half of 1 per centum per annum for administrative expenses and a reserve for losses on loans;

(9) (A) Not less than 15 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular proj-

ect shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof, and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder;

(B) Of the remaining 85 per centum of the aggregate cost, 35 per centum of the aggregate cost may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107(b) (9) (A).

(C) Loans shall not be available hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds provided under section 107(b) (9) (A), shall be sufficient to pay such aggregate cost; and

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

AREA ASSISTANCE FUND

SEC. 108. (a) There is hereby authorized to be established in the Treasury of the United States a revolving fund to be known as the area assistance fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the payment of all obligations and expenses in connection with the loans authorized under section 101(b) (2).

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$75,000,000.

(c) Receipts arising from the loan program shall be credited to the fund.

(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary.

(f) Contributions shall be made from the fund to the civil service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section 101(b) (2). Contributions shall also be made to the employee's compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees performing activities authorized under section 101(b) (2). The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds,

which shall be paid by the Secretary into the Treasury as miscellaneous receipts.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 109. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as an area of substantial and persistent unemployment have changed to such an extent that such area is no longer eligible for such designation under section 101(a) of this Act, no further assistance shall be granted under this Act, with respect to such area and, for the purposes of this Act, such area shall not be considered an area of substantial and persistent unemployment: *Provided*, That nothing contained herein shall—

(a) prevent any such area from again being designated an area of substantial and persistent unemployment under section 101(a) of this Act if the Secretary determines it to be eligible under such section or

(b) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as an area of substantial and persistent unemployment. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

BUDGET AND AUDIT

SEC. 110. In the performance of and with respect to the functions, powers, and duties vested in him by section 107 of this Act, the Secretary shall—

(a) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(b) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the Secretary with respect to the program of financial assistance authorized by section 101(b) (2) shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

AREA ASSISTANCE ADMINISTRATOR

SEC. 111. There shall be appointed by the President by and with the advice and consent of the Senate an Area Assistance Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

POWERS

SEC. 112. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102 hereof, shall be final

and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101(b) (2) hereof or security taken thereunder, statutes, rules, and regulations pertaining generally to suits by and against the United States shall be applicable;

(d) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(e) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(f) pursue to final collection by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third third parties assigned to the Secretary in connection with loans made by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Secretary pursuant to the provisions of this title may be exercised by the Secretary or by any officer or agent appointed by him for the purpose;

(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 101(b) (2) of this Act; and

(h) in addition to any powers, functions, privileges and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract in any office where an attorney or attorneys are or can be economically employed full time to render such service.

ADVISORY BOARD

SEC. 113. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the "Board", which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of

the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

DEPOSITARIES AND AGENTS

SEC. 114. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agents. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

PENALTIES

SEC. 115. With respect to financial assistance authorized by this Act:

(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary—

(1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or

(2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft bill of exchange, mortgage, judgment, or decree thereof, or

(3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or

(4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) As used in this section, the term "Secretary" shall mean, with respect to the lending activities of the Housing and Home Finance Administrator authorized under this Act, the Housing and Home Finance Administrator.

USE OF OTHER FACILITIES

SEC. 116. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall to the extent practicable and with their consent use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority and nothing herein shall deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

CONSULTANTS

SEC. 117. The Secretary is authorized to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55(a)), at rates not to exceed \$75 per diem for individuals.

ANNUAL REPORT

SEC. 118. The Secretary shall make a comprehensive annual report of his operations under this Act for the fiscal year ending on the preceding June 30, to the President, for transmission to the Congress as soon as practicable in each year, but in no case later than the third day of the following January.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 119. In addition to appropriations specifically authorized by sections 106 and 108, appropriations are further authorized for the carrying out of other provisions and purposes of this Act.

Mr. DIRKSEN. Mr. President, I shall make a 10-minute record on the amendment. I think I should ask for the yeas and nays on it.

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, I may well yield back some of my time on the amendment, unless there is a request by other Senators for time. The amendment in the nature of a substitute has been before the committee and has been considered. It is a more modest proposal than S. 1, which is now pending before the Senate. It is almost identical with the bill which was introduced last year after the President's veto.

The amendment in the nature of a substitute provides for \$100 million in community facility loans, \$75 million in loans for the essential purpose of the bill, and then sufficient money for vocational training, for consulting service, and for technical service to assist in providing aid to distressed areas.

We are familiar with the fact that there is a problem in certain areas of the country. There is something of a problem in my own State. We recognize it. The residual question, then, is: How far do we go, and what do we do?

We can approach the problem from the standpoint of all grants or all loans or a combination of loans and grants. The amendment in the nature of a substitute adopts the loan basis with technical and consulting service and vocational and educational service.

It is not necessary to explain the proposal. It follows, in general lines, the bill which is the business of the Senate at the present time.

The amendment in the nature of a substitute preserves as a mechanism the office of the Secretary of Commerce.

The criteria are substantially the same as those provided in S. 1. The amendment brings into focus the cooperation of the States, and that is important, because in the recital of purposes there is the declaration that the Federal Government, in cooperation with the States, shall carry on the program. That is the point of emphasis. I think that if we fail to energize and put the emphasis on the whole element of self-help, supplemented by some Government effort, the whole proposal will ultimately prove to be illusory, and, in my judgment, it will fail.

The amendment in the nature of a substitute brings into play the first and

second titles of the Housing Act. There we already have a form. We have a mechanism with which to do a part of the work.

It includes cities, counties, and municipalities; and it is expanded to include commercial and industrial areas, under the urban renewal plan.

It gives priority.

It provides for planning grants.

Then the loan section provides that no loans for working capital shall be made; no loans for machinery or equipment shall be made. They can be made to public or to private bodies, but there must be State approval. No funds shall be available from this means if funds from other sources are available.

There must be a reasonable chance for repayment.

The evidences of indebtedness can have maturity of up to 30 years.

The interest rate shall be the current rate, plus one-half of 1 percent.

There shall be participation by State or local or private organizations; and 35 percent of the remaining aggregate will be the burden of the Federal Government.

I believe that is where the emphasis must be placed.

The substitute seeks to avoid duplication insofar as the Small Business Administration is concerned, and also insofar as concerns the small business investment associations which Congress authorized last year.

In addition, I have removed the provision in regard to rural areas. The reason for that is that at the present time we have a rural development program, and it is making progress. The aid of a good many State universities has been enlisted, in order to help in that cause; and I do not believe that in a bill of this sort we should include provision for the so-called rural areas.

So this is a streamlined measure. It falls far short of what is contemplated by Senate bill 1.

I think that tells the whole story. This is the measure in which the prior administration had an interest; it is the measure in which President Eisenhower expressed an interest when he entreated the Congress, after 5 years of inaction, to give him a bill dealing with the problems in this field.

So, Mr. President, that is where I rest the case.

Mr. CASE of South Dakota. Mr. President, will the Senator from Illinois yield for several questions?

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Does the Senator from Illinois yield to the Senator from South Dakota?

Mr. DIRKSEN. I yield.

Mr. CASE of South Dakota. First, let me ask whether it would be necessary for a State to pass enabling legislation, in order that the State or its municipalities could take advantage of the proposed benefits?

Mr. DIRKSEN. No. But if I had submitted an amendment which I had intended to submit, and might still submit—I refer to an amendment which would permit the Secretary of Commerce to pick up general obligations or revenue bonds issued under State indus-

trial revenue bond provisions—then if the amendment were agreed to, of course if there were no authority under the general obligation authority or if there were no statute authorizing the issuance of revenue bonds, there would have to be enabling legislation.

Mr. CASE of South Dakota. North Dakota has a statute under which the State Bank of North Dakota can purchase revenue bonds issued by municipalities. Apparently that is proving quite successful; at least, some activity has developed under it, and, so far as I know, it has been paying up fairly well.

Mr. DIRKSEN. I may add that Arkansas, West Virginia, Illinois, and Kentucky have comparable statutes, insofar as I know. So certainly those States could take advantage of the kind of provision I had in mind. But it is embodied in a separate amendment.

Mr. CASE of South Dakota. Next, would Indian tribes, as such, be eligible under the Senator's substitute?

Mr. DIRKSEN. I have not checked on that, as a matter of fact, although I should have done so, in view of the amendment which has been offered by the distinguished Senator from Minnesota. I did not run through the language of my amendment to see whether Indian tribes were included. But if the substitute were adopted, of course that could be done.

Mr. BUSH. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. BUSH. Yesterday, the Senate adopted an amendment which placed a termination point on the bill; that amendment was adopted by the Senate with agreeable participation of the distinguished colleague of the Senator from Illinois.

I wonder whether the Senator will be willing to modify his substitute so as to accept an exactly similar amendment for termination of the authority.

Mr. DIRKSEN. Inasmuch as that amendment is in print and was adopted, I think it offers no difficulty.

Mr. BUSH. That is correct.

Mr. DIRKSEN. So, Mr. President, I modify the substitute, so as to append or insert after line 2, on page 26, section 118, the text of the amendment adopted on yesterday by the Senate, after the amendment was introduced by the distinguished Senator from Connecticut. I modify the substitute accordingly.

The PRESIDING OFFICER. At this point, unanimous consent must be had, for that purpose.

Mr. DIRKSEN. Yes, Mr. President; and I ask unanimous consent.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? Without objection, the amendment in the nature of a substitute will be modified accordingly; and the modification will be printed at this point in the RECORD.

The modification is as follows:

On page 26, after line 2, insert:

"TERMINATION OF AUTHORITY

"SEC. 27. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

"(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds,

contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

"(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act."

Mr. CASE of South Dakota. Mr. President, will the Senator from Illinois also ask unanimous consent to modify his amendment so as to insert "Indian tribes or Indian reservations," so the substitute will be on all fours with the original bill, in that respect?

Mr. DIRKSEN. We would have to find the appropriate place in the substitute. However, I have no objection, if the Chair will entertain an amendment to the effect that where it appears in the substitute, the words "and Indian tribes," as an organization that can function as a body for the purposes of the bill; shall be inserted.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. That would follow, actually, the amendment submitted a few moments ago by the distinguished Senator from Minnesota to the pending bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? Without objection, it is so ordered; and the modification will be printed at this point in the RECORD.

The modification is as follows:

On page 6, line 25, following the word "municipality" insert "or any Indian tribe".

On page 9, line 7, following the word "subdivisions" insert the following: "and Indian tribes".

On page 12, line 14, following the word "public", insert the following: "(Including Indian tribes)".

Mr. CASE of South Dakota. Mr. President, I appreciate that, because I feared that if the substitute were first adopted, it would then be too late to amend it.

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield briefly to me, either from the time available on the bill or from the time available on his amendment?

Mr. DIRKSEN. Mr. President, I reserve the remainder of the time available to me on my amendment; and at this time I yield to the Senator from Massachusetts 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 2 minutes.

Mr. SALTONSTALL. I thank the Senator from Illinois.

Mr. President, the area redevelopment bill which we have before us is essentially a new undertaking on the part of the Government. We hope that in certain areas of our country it will prove very helpful. At the same time, we must not forget that it is an experiment. We want to make it work, so it can be helpful

to the building up of communities which need assistance in order to provide employment for their citizens and in order to have profitable enterprises. In doing this, part of the effort must be directed to building public utilities where they cannot otherwise be built.

For some years now, a number of our communities throughout the United States have suffered from substantial and chronic unemployment. That has brought hardship to many of our citizens and their families, and involves a serious waste of our resources, because able citizens who desire employment do not have it.

While there has been general agreement on the importance of stimulating financial aid and technical assistance for these areas, no comprehensive program has ever been enacted into law, because we have not agreed on the size and type of the program.

This is, as I have stated, an experiment on the part of the Federal Government. It will succeed only if local initiative, local energy, and local money have been utilized to attract and to keep industry. In my State of Massachusetts, we are proud of the initiative of our local communities. In many of our cities and towns, this local energy and local initiative have been ingeniously utilized to attract new industry, to train the citizens to become skilled in the new industry, and thus to build up a new type of employment. This has been particularly true in the so-called one-industry towns, and I am always proud of my fellow citizens in these areas who are responsible for this effort, which has made real progress possible. I cite only two examples, the towns of Clinton and Ware, but there are a number of others. Yet in many places, both in New England and elsewhere in our country, such community endeavor has not been strong enough, even though local leadership has done its best to bring about a healthy economic balance of reasonable prosperity. These are the cases where local efforts supplemented by Federal funds may make the difference between successful effort and prolonged frustration. But I repeat emphatically, it is not a matter of substitution; it is a matter of supplementation. Our distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], told us, on January 5 of this year:

Government aid, if it is forthcoming, will not work without the will of a city to revitalize itself.

That will across the United States must be stimulated, and not suffocated.

I consider an important part of this program to be assistance in reeducation. In my State, our skilled workers were first employed, in the early 19th century, in the manufacture of sailing ships made of wood. Later, the descendants of these workers helped to harness the power of our rivers for the production of textiles, and we became an important part of the textile industry. We also became, and still are, one of the leading manufacturers of shoes. But while the shoe industry and the textile industry still employ many people, we have recently developed industrial competence in electronics research and development. Essentially,

the people who work in the electronics industry are the people who have developed their skills through education in our schools, through training in these industries, and, ultimately, through hard endeavor from day to day as skilled operators of the tools of the new trade, so to speak. Clearly, it will be helpful if these people can have training, in areas where unemployment now exists, to understand new industry and to operate its new machinery.

As I have stated, I am in favor of the principles involved in this proposed legislation, and I intend to support it.

If we regard this act as an experiment of the Federal Government, then we must from time to time determine if that experiment has been successful. I believe the sound way of doing this is to make the act a temporary measure that will expire in a given number of years—say 2, 3 or 5 years.

We did that yesterday by accepting the amendment of the Senator from Connecticut providing for 4 years.

In this way Congress can determine whether or not to go forward with it. This is a much better method of determining the success and continuing legitimacy of the program than to have a committee make a study and investigation of it and its administration after a given period of time.

New industry comes essentially within the purview of the Department of Commerce, and certainly the Secretary of that Department should be the ultimate responsible officer of the Federal Government. I agree that the Administrator of this program will have a demanding job, but his office should come under the day-to-day responsibility of the Secretary of Commerce himself. I am glad that the Senate has adopted an amendment to this effect.

This raises the question, in a new law of this character, as to the value of grants rather than loans. Grants tend to stifle rather than to encourage local initiative and participation in self-help efforts. On the other hand, a revolving fund, to be used for loans for qualified public facilities projects in redeveloped areas wherein local cost sharing of at least 10 percent of the total expense of any project is involved, should be adequate if the citizens in that locality really intend to make the effort successful.

I voted for an amendment which would prevent the use of funds under this program for the purchase of machinery and equipment. In its original form, S. 1 provided that funds could be used for this purpose "in exceptional cases." S. 9, which I cosponsored and will vote for should it be offered in the nature of a substitute for the pending bill, specifically prohibits such assistance. The committee bill allows loan funds to be used for the purchase of machinery and equipment in "case of demonstrated need." I do not believe that this qualification on the use of Federal funds really constitutes any significant limitation. All assistance under the bill requires evidence of demonstrated need, and therefore the restriction is virtually meaningless. I agreed with the senior Senator from New York, who has stated

that loans for machinery and equipment have no proper place in area redevelopment legislation. This kind of assistance, in my opinion, is basically outside the stated purpose of the bill and unduly interferes with private industrial enterprise and our free competitive economy.

We in Massachusetts are essentially an industrial community. The rural redevelopment provisions of the bill should, in my opinion, be handled in separate legislation, and not in legislation of this character. If they are to be included in S. 1, then certainly we should make every effort to make the language clear that all sections of our country will benefit if the criteria provisions of the bill are satisfied. The aid to build up new businesses in areas which are now agricultural or lacking in industry should be carefully and fairly administered.

I voted against the bill submitted last year because it seemed to me to work to the disadvantage of our State and to aid other regions of the Nation at our expense. It might well have encouraged the pirating of industries. This was a very important consideration from our point of view. Federal funds, I think we are all agreed, should not be used to encourage the stealing of industries from communities which already have, and badly need those industries. S. 1 has been amended so that this difficulty has been removed; and it is removed in the substitute offered by the Senator from Illinois.

No one can object to the expansion of industry, but certainly we can all resist the taking of an industry from a community, which is fully employed, and is successfully operating a plant, and the moving of it to another community in another area which needs industry.

In conclusion, Mr. President, let me reiterate that I feel early enactment of a comprehensive program of Federal redevelopment aid is urgent. I hope, however, there may be amendments offered and adopted to this bill that will make it, in my opinion, even more helpful and will make better administration of its provisions possible. When we adopt Federal legislation of this character, we must always make its provisions consistent with efforts to nurture local initiative, local drive, and local responsibility, and not take away those qualities which have built our communities, our States, and our Nation over the years. For these reasons, and in this manner, I intend to support the bill, but hope that some amendments may be adopted to make it even more helpful, in my opinion, to carry out these principles of self-help.

Mr. DOUGLAS. Mr. President, the substitute proposed by my colleague from Illinois is the so-called Eisenhower bill which the President sent to Congress last year, after he had vetoed an area redevelopment bill for the second time.

It will be remembered that the Republican leaders in the House in 1956 refused to permit a Senate-passed bill to be considered in the closing hours or closing days of that session.

It will be remembered that in 1958 the House and the Senate passed an area

redevelopment bill, which was given a pocket veto by President Eisenhower.

It will be remembered that in 1960 the House and the Senate passed another area redevelopment bill, which was vetoed by the President; and, in an attempt to escape the just wrath of the voters, the President sent to Congress a substitute measure, in order to be able to argue that he had proposed a superior measure.

Mr. President, this issue was fought out before the country last year. The people had a referendum on this issue, amongst others last year and the issue was clear to the American people. They preferred the program which had been advanced by the Democratic Party, and they turned down the program which had been proposed by the Republican Party.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. DOUGLAS. No; I want to finish.

Mr. BUSH. I have a very interesting comment.

Mr. DOUGLAS. I want to finish. Then I shall yield for a question.

I fought this issue up and down the State of Illinois. My opponent urged the Eisenhower program. I urged that the Democratic proposal was better. I do not like to boast about majorities. Let me say merely that I was elected by a resounding majority, and I think every newspaper in the State was against me, except two.

My good friend, the Senator from West Virginia [Mr. RANDOLPH] fought in West Virginia on this very measure, and he was also reelected by an overwhelming vote.

Wherever the people had an opportunity to register their opinions, they voted down the Republican-Eisenhower program and supported the Kennedy-Democratic program.

So what our colleagues on the other side of the aisle are trying to do is reverse the results of the election. This issue was decided. But our Republican friends die hard. They will never admit defeat. When they are beaten in a fair election, they find fault with the election returns. When the people return a clear and unmistakable mandate to the Democratic Party, they say "Our plan is superior."

So, my friends, the question is whether we are going to reverse the popular decision of last fall or stick by the decision which the people have already made.

Let me now discuss the substance of the Eisenhower-Dirksen-Republican amendment. As my colleague has said, it has no rural provisions in it at all. Any help for rural areas is completely omitted.

We pointed out again and again that rural poverty and rural underemployment present an even greater problem than industrial unemployment.

While perhaps we do not get much support from the Senators from the areas which would be chiefly benefited by the passage of S. 1, with certain honorable exceptions, nevertheless I do not propose to cut the people from those areas loose

and deny to them benefits because they are in need and they need help.

The program of the Eisenhower administration made no allowance for grants for public industrial and commercial facilities. It provided for some loans to be administered through the Community Facilities Administration, but up to last summer the Administration had made no loans for industrial and commercial purposes, for industrial parks or industrial water. The loans were confined entirely to domestic water drinking systems and sewerage disposal systems. There was nothing so far as industrial water or industrial parks were concerned.

Perhaps under the new administration there would be more leniency in this regard, but the language is not perfectly clear as to how far the Community Facilities Administration could proceed.

So far as the grants are concerned, there is a provision in the Democratic bill (S. 1) for \$75 million to help communities which, hard pressed, cannot fully repay loans which are made for needed public facility improvements as industrial water. Some of these facilities will not be directly income producing. They will help to attract industry. They will build up the tax base, but the facilities themselves may not be directly income producing. For a period of time, at least, grants may be needed in order to make the entire process solvent. A combination of loans and grants frequently will be needed. The Eisenhower-Dirksen-Republican proposal would omit this provision completely.

So far as industrial loans are concerned, there would be no loans for machinery and equipment. We have just settled that question by a vote of almost 2 to 1. The Senate decided we should not completely exclude from consideration the possibility of loans for machinery and equipment, even though these were not to be normally the objects of loans. Now my colleague wishes to reverse this recent decision.

The Republicans were beaten at the polls last fall. The Republicans were beaten in the Senate only a few minutes ago, by a vote of nearly 2 to 1, but they never say "die." They come back with the idea that we must eliminate all possibility of loans for machinery and equipment.

Furthermore, the Republicans would restrict to 35 percent the loans on land and buildings. We pointed out a few minutes ago that land and buildings generally form only 25 percent of the cost of a manufacturing enterprise. The Republican proposal would provide only 35 percent of 25 percent, or approximately 9 percent of the capital needed. How much inducement will an interest differential of, let us say, 2 percent provide for only 9 percent of the capital? It will not be sufficient.

In fact, the Eisenhower Republican program, which has been repudiated by the voters, well answers the description Abraham Lincoln gave of a proposal which had no more substance than a soup made out of the pale shadow of a

crow which had starved to death. It has no more substance than that. It has been repudiated once.

I hope my friend from Illinois will pardon me if I say he seems to have had a change of heart so far as the percentage of loans which should be made is concerned. In fact, I am amused as I look across the center aisle. One group would restrict the type of investment upon which loans can be made to land and buildings. Almost a solid phalanx on that side of the aisle voted for that proposal, although yesterday the very eloquent and able Senator from Indiana found fault with the bill because it did not provide for working capital.

Some Senators would not vote to permit loans for a part of fixed capital.

In checking over the roll, I find that the Senator from Indiana voted to take out the provision with regard to machinery and equipment.

Mr. CAPEHART. Mr. President—

Mr. DOUGLAS. Just a minute. Yesterday the Senator said "Oh, you do not provide enough. In addition to land and buildings and machinery, you should provide for working capital."

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I will yield in just a moment.

In fact, my Republican friends remind me of that character in Stephen Leacock's novel who mounted his horse and rode off in all directions.

The Senator from Indiana yesterday rode off in one direction. The Senator from Indiana now is riding off in the other direction.

Mr. HUMPHREY. But never forward.

Mr. DOUGLAS. But never forward. I simply ask the Senator to coordinate his cavalry movement.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CAPEHART. Mr. President, I ask, as a personal privilege, that the Presiding Officer announce how I voted with respect to the machinery and equipment amendment offered by the Senator from New York. I ask that the Presiding Officer make the announcement.

The PRESIDING OFFICER. The Senator voted in the negative.

Mr. DOUGLAS. Mr. President, I withdraw the comment.

In the first tabulation of votes I saw the Senator's name recorded as having voted for the amendment.

Mr. CAPEHART. Mr. President, if the able Senator is no more accurate in regard to everything else he is saying than he is in regard to the vote, we know exactly what to do with his statements—throw them in the wastebasket.

Mr. DOUGLAS. I say to the Senator, I have in my hand a tabulation sheet. It has the Senator from Indiana tabulated as being the fourth Senator to have voted for the Javits amendment. Somebody may have made a mistake, but the Senator from Illinois was going by what seemed to be the record.

Mr. CAPEHART. Is the Senator saying that the Presiding Officer made a mistake? [Laughter.]

Mr. DOUGLAS. No; I am not saying that. I think it is quite possible the Senator from Indiana may have changed his vote after he became aware of what he had done. [Laughter.] And I am unofficially informed that such a change was made.

Mr. CAPEHART. Mr. President, I think such statements as the able Senator has made about my vote are absolutely unwarranted and uncalled for. He knows I voted to keep the provision in regard to machinery and equipment in the bill in the committee. I voted to do that today.

Mr. DOUGLAS. I hope the Senator will vote against the Eisenhower-Dirksen Republican substitute.

Mr. CAPEHART. I do not know that the Senator from Indiana always follows the hopes of the Senator from Illinois.

Mr. DOUGLAS. No. He seldom does.

Mr. CAPEHART. I agree with the Senator when I think he is right. I disagree with the Senator when I think he is wrong. I thought he was correct with respect to machinery and equipment. I think he is incorrect with regard to many of the things he is saying today.

I repeat what I said yesterday. The bill, in my opinion, will prove to be a hoax which will fool the people of the United States.

I think those who are unemployed in the chronically depressed areas of the United States deserve something better than the particular piece of proposed legislation we are considering, because the bill will not do the job the authors think it will, and will not do the kind of job which, in my opinion, we ought to do for the people who live in the chronically depressed areas of the United States.

Mr. DOUGLAS. I am glad to yield to the Senator for a question.

Mr. CAPEHART. For example, I pointed out that the Small Business Administration has more power and more latitude and can make more and better loans than could be made under the terms of the bill. The bill is limited, so far as business is concerned, to loans on land and new buildings, or for the rehabilitation of old buildings.

One thing these communities do not need is more buildings or rehabilitation of old buildings. What is needed is a business which will employ people, and working capital. The communities do not need old buildings, for they have old buildings.

That is why I voted against taking out the provision in regard to machinery and equipment, because one thing which will create jobs is a machine for a man to run to make things. Without machines to be run to make things, jobs cannot be supplied.

For that reason I say the bill would not do what its authors maintain it would accomplish.

What I should like to do is to refer the bill back to the committee with

instructions to report a bill that would accomplish what we hope it would. One of the things I should like to see in a bill is a limitation of its application to areas in which chronic unemployment is 100 percent, areas into which any 6-year-old child could go and see that unless someone would build a new factory or would open a new mine, there would never be a new job in that town. Such a measure would help West Virginia and southern Illinois, where the coal mines have been closed. I wish to limit a bill on this subject to areas of 100 percent chronic unemployment, areas in which anyone could see that unless someone builds a new processing plant or opens a new mine there will never be another job in that area.

When that development occurs, I wish to lend money to such plant or mine for working capital. I wish to lend money for machinery. I want to do a job for people in such areas. That kind of bill I would favor.

We are now appealing to the emotions of people in discussing a bill that might appeal to unemployed people throughout the Nation. We know the bill will not help them.

Through acts passed by Congress we now have a Small Business Administration that can do anything for business that the bill would provide, plus the fact that the agency can lend money for working capital. Under the provisions of the bill which we are considering money could not be lent for that purpose.

I repeat that I shall vote against the bill unless we can make its terms more liberal, because I shall not be a party to a hoax. I am not a hypocrite. As a businessman, a farmer, one who grew up in a marginal section of Indiana, and one who knows what is necessary to create jobs, I shall not support a bill that I know would be disappointing to the people of the United States. In my opinion, such action is not necessary. We ought to send the bill back to the committee with instructions to write a good bill or to defeat it. We ought not to fool the people; and unfortunately that is exactly what the bill would do. It would not accomplish what is proposed to be accomplished.

I listened to the remarks of the able Senator from Massachusetts on the bill. I must say in all frankness that I do not think he understands the terms of the bill. I honestly do not, because, with respect to employment in Massachusetts, for example, there are all the buildings in that State that are needed. No new buildings are needed. Machinery and working capital are needed.

The need is for some man or group of men who would come in with an idea of a product to manufacture. They would need working capital to manufacture that product. Then they could give permanent jobs to the people in that area.

I could discuss other sections of the bill. There is the farm-rural area section. There is also the section relating to public facilities. I am not discussing those two subjects at the moment. I am

talking only about the business end of the bill.

Mr. DOUGLAS. Mr. President, I yield time to the Senator from Minnesota.

The PRESIDING OFFICER. How much time does the Senator from Minnesota desire?

Mr. HUMPHREY. I wish only 3 minutes.

Mr. DOUGLAS. I yield 3 minutes to the Senator from Minnesota.

Mr. HUMPHREY. I am touched by the arguments of the Senator from Indiana. I know of his sincerity, and I agree that he is surely a man of deep conviction.

Let us face it. The opposition to the bill has not presented any program that is considerably broader and considerably more meaningful in its application. Area redevelopment legislation has been before the Congress since 1955.

There have been vetoes of such measures, and we have not had offered more constructive measures on this subject than those we have been able to report from the committee.

Every vote has been rather close, and each time we have had the determined opposition of pretty much the same group that opposes it in the Senate today.

It is true that the bill does not have in it all the provisions that I would like to have in it.

First, working capital will be available from the Small Business Administration under the administration of the proposed legislation, when the Small Business Administration makes loans to independent business on the basis of a philosophy of being a little more liberal than the most conservative banking terms.

Second, the Farmers Home Administration makes loans in rural areas for working capital.

Third, the Community Facilities Division of the Housing and Home Finance Agency makes loans and grants available for certain types of community facilities.

There are two sections of the bill which relate to loans. They are sections 6 and 7. Section 6 relates to loans to the individual firm that may be establishing facilities or acquiring land or rehabilitating structures.

Section 7 relates to the public agency that may wish to move in and improve the land, establish facilities, and build a factory.

If we can get factory sites, if we can acquire land, if we can provide the renovation of old facilities, making them sufficiently modern for new-type production, we shall be able to attract capital. There is capital available in our capitalistic society. Let me say to my friend who is in opposition to the bill that if there is not capital available from private sources, and since there are bleeding hearts about the lack of jobs because of the inability to acquire capital, perhaps the Federal Government ought to go into a loan program of that kind over and beyond what it has.

But the administration is attempting to be reasonable. This administration, through our President, has extended the hand of cooperation to business. Every

newspaper has so noted. The President went out of his way to do so, and the President has said, "We are going to use the Small Business Administration to its maximum. We are going to utilize the Housing and Home Finance Agency with respect to these facilities. We are going to use the Farm Credit Administration, and the Farmers Home Administration."

The President has said that, as a former U.S. Senator, on three occasions he helped to lead the fight for the proposed legislation in the Senate. He said, "I need the area redevelopment program." He did not say it was a cure-all. The President does not say that the Federal Government ought to remedy every problem. The President and the administration are merely saying, "Give us some of the tools to do the job to help private industry and localities, and to help the development corporations that are established as public bodies in many of our States and localities. Give us a little extra equipment, tools, and financing to do this job, and we will attempt to put these people back to constructive work."

We have debated this measure for nearly 6 years. Some of the unemployed who live in the chronically unemployment areas must be becoming a little bit disillusioned. The issue is quite simple. I believe the Senator from Illinois [Mr. DIRKSEN] has been very fair and candid about it. He has an alternate substitute proposal. He has presented it on other occasions. It is well known and has been debated on the public platform. His proposal has been debated in the Senate.

I say to the Senator from Illinois that we can vote this measure up or down, as he suggested. If we vote for the proposal of the Senator from Illinois, we will know exactly what we shall get. We shall get a watered down, lukewarm proposal that has been before the Senate on other occasions.

If we vote for the area redevelopment bill—S. 1—we shall get a bill that is a middle-of-the-ground approach, I must say in all candor, to try to remedy some of the problems of unemployment.

The Senator from Illinois has already said that we have had a vote on this subject in the country at large. I wish to say in conclusion that I hope the vote here will result in a little larger majority than the last time we went to the country. I have a feeling that my fellow Democrats who support this measure would like to rally around the flag for this particular experience; and, as suggested by the song sung at the famous Gridiron Club dinner, "Two for You and Three for Me"—on that basis we will settle.

Mr. DIRKSEN. How right my distinguished friend from Minnesota is. "Three for them and two for us."

Mr. HUMPHREY. Votes.

Mr. DIRKSEN. What difficulty we had in getting the count. Perhaps we can organize a new agency against the next election day. I would not suggest a corps for it. Only to get a count.

I am intrigued by the industrial wisdom of some people who never met a payroll in their lives. I have looked at a good many balance sheets, as a contrac-

tor and as a businessman, and sometimes they have been in the red. Sometimes it makes one a little goggle eyed. I did not get all my business wisdom out of an economics textbook in a college. It does make some difference. Therefore we can discount some of the wisdom, even though it has the the habiliments of omniscience, when it is uttered on the floor of the Senate. Some of the omniscience which is uttered on the floor, under the cold and calculating scrutiny which is required when looking at this kind of proposal, takes on an absolutely different form.

I have a little article from a newspaper in a distressed area in Illinois. I will put the whole article in the RECORD later. First I wish to quote from it.

The article comes from Pinckneyville, in Washington County, Ill. The first paragraph reads:

A drive to bring a \$700,000 factory employing 200 men has started in Pinckneyville and the chamber of commerce says \$30,000 in contributions is needed to buy a plant site.

The man who sent the article to me resides in a different town. He said:

DEAR SENATOR: This article appeared in our local paper on March 1. Somebody had better go down to Pinckneyville and inform these characters that they are in a depressed area and they should wait for help from Washington.

They are being un-American. These jokers may even set a precedent. I realize you must be under terrific pressure from various groups, but don't go overboard on financial assistance programs. It is surprising how many local problems we can solve without Federal aid.

I have an editorial from the Marion Daily Republican of March 3, 1961. It reads, in part:

Marion and Williamson County, which are included in the areas that Senator DOUGLAS has described as depressed, have been busy—and still are busy—and are not asking for more Federal "Santa Claus" visits.

Wednesday, the Central Illinois Public Service Co. announced that they planned to spend \$1,700,000 on projects in the southern division, headquarters of which are in Marion. Much of it will be in Williamson County.

Previously the General Telephone Co. had announced plans for spending \$4,876,000 in southern Illinois, a large portion to be in Marion and Williamson County.

Evidently all of this is not coming to the attention of the spenders. It is going to bother me more than some of the messages which are now coming every hour on the hour from 1600 Pennsylvania Avenue.

Continuing, the editorial says:

Work has started on the new Federal prison to cost \$10 million. Herrin recently voted 2 to 1 to spend \$130,000 for additional sewers.

Marion is building a \$60,000 waterline to serve the industrial area in the northwest part of the city.

Allen Industries at Herrin is consolidating a Michigan plant with their Herrin plant.

They are in a depressed area, but even though it is not December they are not looking for Santa Claus.

Therefore I would like to approach this matter rather hard-heartedly and realistically. I do not mind if my distinguished colleague from Illinois puts on

it the Eisenhower tag. It was an Eisenhower bill.

Mr. DOUGLAS. Certainly.

Mr. DIRKSEN. I do not care that he puts the Dirksen tag on it. It was my bill.

Mr. DOUGLAS. That is correct.

Mr. DIRKSEN. I introduced it the day after the veto message of last year. Our friends on the other side could not get the original S. 722 out of the Senate except by a majority of 3 votes, and then they could not sustain a veto, because the President pointed out there were other agencies doing comparable work. Here was waste. Here was inequity. Here was duplication. In the comments the President made he was on good ground. So, let them call it the Dirksen bill, or call it the Eisenhower bill. They say, "We have a mandate." It is by 113,000 out of 69 million votes. What a slender mandate it is. That fits into the classical pattern of the Lincoln quotation—"a soup made from the shadow of a hungry crow." That is how thin that majority was.

I believe we have a mandate, too. We propose to present our mandate, because we are talking for half the voters in the country. Let no one make any mistake about it.

Therefore, we are not going to deplete the Federal Treasury. Why not see where we are going on this thing before authorizing nearly \$400 million in loans and grants? Once we set our feet on that pathway there will be no coming back. This will proliferate and extend into other areas. Even though these areas shift from depressed to nondepressed areas, as they keep doing, and as the Labor Department statistics show, we will get into this thing so deeply that there will be no coming back. Perhaps they do not want to come back. I do not know. I have some regard for what I think will be feasible and practical and what will work, and what is consonant with the budget and the solvency of our country.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the Senator from Ohio.

Mr. LAUSCHE. Yesterday the Senator from Ohio submitted an amendment, which is pending, and which, if adopted, will eliminate the grant provision of the bill sponsored by the Senator from Illinois [Mr. DOUGLAS]. Will the Senator from Illinois [Mr. DIRKSEN] tell me whether his bill deals with grants?

Mr. DIRKSEN. Only a few million dollars for vocational education and technical assistance. However, the \$75 million over and above the loan money for community facilities is loan money, not grant money.

Mr. LAUSCHE. There is no giveaway money?

Mr. DIRKSEN. Exactly.

Mr. LAUSCHE. Except for the provision of technical aid for retraining?

Mr. DIRKSEN. There is a partial retraining provision, insofar as it can be called that, in vocational education.

Mr. LAUSCHE. What is the amount?

Mr. DIRKSEN. For community facilities, as expanded, \$100 million. In addition to that, \$75 million. Then about \$5 million for grant money for technical assistance, vocational education, and so forth.

Mr. President, I ask unanimous consent that the editorial and article be printed in the RECORD at this point.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

[From the Marion Daily Republican, Mar. 3, 1961]

ANOTHER REPORT FROM SENATOR DOUGLAS' DEPRESSED AREA

Since January 1, 1961, Marion and Williamson County, which are included in the areas that Senator DOUGLAS has described as depressed have been busy—and still are busy—and are not asking for more Federal Santa Claus visits.

Wednesday, the Central Illinois Public Service Co. announced that they planned to spend \$1,700,000 on projects in the southern division, headquarters of which are in Marion. Much of it will be in Williamson County.

Previously the General Telephone Co. had announced plans for spending \$4,876,000 in southern Illinois, a large portion to be in Marion and Williamson County.

Work has started on the new Federal prison to cost \$10 million.

Herrin recently voted 2 to 1 to spend \$130,000 for additional sewers.

Marion is building a \$60,000 waterline to serve the industrial area in the northwest part of the city.

Allen Industries at Herrin is consolidating a Michigan plant with their Herrin plant.

The Government plans to call for bids within a few days for the new \$200,000 armory in Marion.

Marion Memorial Hospital has completed reroofing their building at a cost of \$19,237.

Bank of Egypt has doubled the size of its building and added a walkup window and the Bank of Marion and the Bank of Egypt has spent over \$20,000 for new banking machines to handle their growing business.

Sales of U.S. Government savings bonds reached \$215,368 last January of which \$95,150 were sold in Marion alone.

Work is progressing on the new \$400,000 Bracy warehouse; Thurmond Monument Co. have built a new factory and office building north of the city; a \$35,000 Burger Chef has been built on South Court Street.

Limerick Finance Co. has remodeled and moved to new quarters on the public square and the Marion Finance Co. has opened on North Market Street; Mrs. Mary Dungey is building an office in the north part of the city; Roberts Insurance have moved to new quarters on East Union; Arthur Melvin is tearing down the old Bracy home, west of his new office on West Main Street.

The Marion Presbyterian Church is to meet Sunday to consider plans for their new church building; Coles Asphalt Co. have constructed a new office building north of the city; a new filling station is to be built at West Main and Carbon Streets; Bargain Center has an attractive new awning.

Postal service has been expanded to several streets; bank deposits of individuals have increased over a half million dollars since January 1; and this is not all the progressive items about Marion, which continue to prove that Senator DOUGLAS is wrong when he says we live in a depressed area. We think the figures are much stronger evidence than hearsay, or occasional television pictures of care given the needy, or the mouthings of the Democratic Senator from Illinois.

[From the Belleville News Democrat, Mar. 1, 1961]

PINCKNEYVILLE SEEKING FACTORY

PINCKNEYVILLE, Ill.—(AP)—A drive to bring a \$700,000 factory employing 200 men has started in Pinckneyville and the chamber of commerce says \$30,000 in contributions is needed to buy a plant site.

Deadline for collection of the money and raising an additional \$210,000 in loans is March 6. The loans would be at 4 percent interest over 20 years.

Name of the prospective firm was not disclosed but it reportedly is a metal fabricating manufacturer.

If the drive is successful, the firm would be the third industry to locate in the Pinckneyville area in 8 years as a result of chamber of commerce drives.

Penick and Ford, makers of pudding products, built a plant in 1953. Decca Records, Inc., has rented a plant from the chamber since 1956.

The new plant would be located at the east city limits and would contain 150,000 square feet of floor space.

In basketball-minded Pinckneyville, that's big enough for 37 basketball courts.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the distinguished Senator from Vermont.

Mr. AIKEN. I have been trying to get some specific information on one provision of the bill. If a State has a per capita income of \$3,500, but there is no town or county in that State which can qualify as a depressed area, under the criteria set up in the bill we are considering, will the State get Federal assistance, or will it be necessary to take into consideration the income of the whole State?

Mr. DIRKSEN. We do not take into consideration the per capita income.

Mr. AIKEN. My State has a low per capita income, but no community could possibly qualify for any assistance under the bill which we are now considering. Other States probably have twice the per capita income of my State, but may have a community from which business has moved out.

Does that community and does that State still qualify for assistance regardless of the overall income of the whole State?

Mr. DIRKSEN. All it is necessary to establish under my amendment, or under Senate bill 1—and this is covered in section 102(a) of my amendment—are the criteria. The conditions must fit the criteria set forth in the bill and determined by the Administrator and the Secretary of Labor. When that certification is made—6 percent unemployment in the area, and an average annual rate of unemployment in the area of at least 50 percent above the national average for 3 of the preceding 4 years; 75 percent above the national average for 2 of the preceding 3 years; or 100 percent above the national average for one of the preceding 2 calendar years—then the area may qualify.

Mr. AIKEN. Then the community would be entitled to Federal aid, regardless of the ability of the State to take care of its own depressed areas?

Mr. DIRKSEN. Yes. Of course, there is only one illusion here, and that is the

approval of the State; but that does not involve the per capita income of the people of the State.

Mr. AIKEN. In a colloquy with the distinguished senior Senator from New York [Mr. JAVITS] this morning, I pointed out the situation in Plattsburg, N.Y., which evidently qualifies for assistance under the bill we are considering. Plattsburg is a mighty fine town of about 17,000 population. The number of employables is given as about 21,000. I assume that includes some of the surrounding area. The Federal Government maintains an airbase there at a cost of, probably, \$30 million a year, which goes into that community. The Federal Government now is constructing a \$50 million series of missile sites in the same community. Will the fact that the Federal Government is spending, let us say, between \$50 and \$100 million be taken into consideration before deciding whether to give aid to the city of Plattsburg?

Mr. DIRKSEN. The per capita income of the State is not a condition for assistance. The assistance goes to a depressed area, which is so denominated, if it falls within the formula set forth in the bill: so much unemployment over a given period, or so much above the national average of unemployment. That is all that has to be shown. From there on, it is simply a question whether the community and the State, conjointly with the Federal Government, can work out all the details which will justify the making of a loan or grant. That is the simplest way in which I can express the purpose.

Mr. AIKEN. All of which adds up to the fact that some of the wealthier States in the Union would be entitled to Federal assistance and low-cost loans under the bill, while some of the States having the lowest per capita income could never qualify for any assistance whatsoever.

Mr. DIRKSEN. I would call Pennsylvania a rather well-heeled State. I understand that 25 percent of all the areas which are designated "depressed" are in the great Keystone State of Pennsylvania. I think that answers the Senator's question.

Mr. AIKEN. But northern New England—Vermont and New Hampshire, for instance—does not qualify, and undoubtedly never can qualify, for assistance under the bill. If a State or a community has, we will say, full employment for 3 months of the year, and then a high percentage of unemployment during the other 9 months of the year, it does not qualify.

Mr. DIRKSEN. No.

Mr. AIKEN. It never will; it never can. I thank the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Connecticut.

Mr. BUSH. Mr. President, apropos the remarks of the distinguished Senator from Vermont. I think he might be interested in section 5(d), on page 45 of the bill itself. The Administrator has very wide authority in determining what is a redevelopment area. He has to take

into account certain criteria which are listed under section 5(a); and also under section 5(b) there are certain considerations with respect to the so-called rural development section of the bill.

However, under section 5(d) we see the wide authority which is given him in the following language:

As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as a redevelopment area and may include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality.

So, to answer the Senator's question, I believe any community in the Senators' State—the city of Montpelier, for instance, which is not much of an industrial city, but is a very thriving city—if it should fall upon hard times could have the Administrator designate it as a redevelopment area within the State of Vermont without designating the whole State of Vermont as a redevelopment area.

Mr. AIKEN. If the Senator from Connecticut is willing to rely on the whim of the Administrator to determine what areas would be eligible for benefits, then why does he not agree to strike out the criteria completely, and leave it all to the whim of the Administrator?

Is it not true that under the bill, any manufacturing company in Vermont could locate a branch plant in the Ansonia, Bristol, or Danielson areas of Connecticut and receive low-cost money for the construction of a plant? And is it not also true that no manufacturing company in Connecticut could locate a branch plant in Vermont and receive any low-cost money? In other words, is it not a one-way proposition? Any Vermont company could get an inducement to go to Connecticut or Rhode Island, let us say; but no company from those States would be permitted to go into Vermont or New Hampshire and get any of the benefits of the bill. That is the way the bill reads.

Mr. DIRKSEN. For clarification, the Douglas bill, S. 1, contains a provision that the Administrator can take into account the per capita income, so far as public facility loans are concerned.

Mr. AIKEN. I have just been reading something about public facilities. As I understand, if a plant moves into a rural area and locates within a mile of the REA, on one side, and within a mile of a private utility, on the other side, the REA would not be able to furnish light and power for that plant. The plant would have to use the facilities of the private utility, even though it might be more advantageous for the plant to go the other way.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. CAPEHART. I should like to make an observation as a result of the colloquy between the able Senator from Vermont and the able Senator from Connecticut. After the Administrator has decided that the region or the area is entitled to some help—I am talking now about the industrial or business end of the situation—what kind of help does the Senator think he can get? Only 65

percent of the valuation of the land or 65 percent of the cost of putting up a new factory without any machinery or electrical equipment of any kind. The way the bill is written, that provision is now in it, but we are talking about taking it out. Despite all that is written in the newspapers and that is being said all over the United States, and after the Administrator decides that an area is a so-called depressed area, all he can do under the act is provide 65 percent.

Mr. AIKEN. It appears to me that the Senator from Indiana believes the bill will not work anyway.

Mr. CAPEHART. No, it will not work. I sometimes wonder if it is intended that it shall work. The reason I say that is that we already have the Small Business Administration, which can do everything it is intended the bill shall do, and more, so far as business is concerned.

We have the Facilities Division of the Federal Government, which is doing exactly what the bill calls for, and which grants loans for the building of water systems.

Then, on top of those agencies, we have the Department of Agriculture and the Federal Farm Administration, which are doing practically all that the bill calls for in respect to the rural sections of the United States.

The only thing which is provided in the bill, which we do not have in other places—and I do not think the Department of Commerce should be the agency to handle it—is the provision for teaching vocational training to certain people in certain sections of the country. In my opinion, that program should be handled by the schools or by an educational agency, rather than by the Department of Commerce.

Mr. AIKEN. I will accept the explanation of the Senator from Indiana that the bill probably will not work anyway. But if it should work, I believe it would be detrimental to my State.

Mr. BUSH. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Connecticut has no time remaining.

Mr. DIRKSEN. I yield 5 minutes to the distinguished Senator from Connecticut.

Mr. BUSH. Mr. President, I shall support the Dirksen amendment in the nature of a substitute. I was a sponsor of the Dirksen substitute last year, when it was sent down, after the President vetoed the bill; and I was a sponsor of the amendment in the nature of a substitute this year, when the Senator introduced it—the reason being that I believe it provides a more modest approach to an untried situation.

As I have said repeatedly during the debate and in committee, the entire proposition of Federal assistance to redevelopment areas is an experiment; it is a pilot adventure. Therefore, I think it should be done on a more modest basis than that called for by the Douglas bill.

I have tried, along with other Senators, to modify or amend the Douglas bill, so as to make it more acceptable and, I think, more practical. But I much prefer to see a more modest approach taken—as I did last year, in sup-

porting what was then the Eisenhower recommendation and the Dirksen bill.

So I say to my friend, the junior Senator from Illinois, that I am glad that he has resubmitted his measure as an amendment in the nature of a substitute for Senate bill No. 1; and I shall support the substitute.

Mr. President, I yield back the remainder of the time available to me.

Mr. DOUGLAS. Mr. President, let me say the issue is very clear: Senators who believe in the Eisenhower-Republican plan should vote "yea" on this question; Senators who believe in the Kennedy-Democratic plan should vote "nay."

I yield back the remainder of the time available to me; and I suggest the absence of a quorum.

Mr. LAUSCHE. First, Mr. President, may I have a little time?

Mr. DOUGLAS. Certainly; I withhold my suggestion of the absence of a quorum.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 2 minutes.

Mr. LAUSCHE. Mr. President, yesterday, I submitted an amendment contemplating the elimination from the pending bill of the section which provides for giveaways. My attitude on that matter was declared on yesterday: I do not subscribe to the thought that the Federal Government should expand its gift programs.

I shall support a provision which will make loans available. But I will not support the ever-growing habit of the Federal Government in saying that "With the gift of money we shall be able to achieve what you have not been able to achieve otherwise."

I have observed that giving away the taxpayers' money is too frequently used for the purpose of buying votes, rather than for the purpose of promoting the welfare of the country.

Therefore, I shall vote for the Dirksen amendment, or substitute, because it eliminates the giveaway program. Unless we stop soon the concept of giving away, we shall rue the day when we began it. The piper will have to be paid, and he will have to be paid far sooner than we realize.

The PRESIDING OFFICER. Do both Senators who have control of the time yield back the remaining time available to them?

Mr. DIRKSEN. I do, Mr. President.

Mr. DOUGLAS. I do, Mr. President.

The PRESIDING OFFICER. All remaining time for debate has been yielded back.

The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN] in the nature of a substitute for the committee amendment, as amended.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT] and the Senator from Wisconsin [Mr.

PROXMIRE] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. McCARTHY] are absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. McCARTHY], the Senator from Texas [Mr. BLAKLEY], and the Senator from Wisconsin [Mr. PROXMIRE] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of death in his family.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The result was announced—yeas 27, nays 66, as follows:

[No. 11]

YEAS—27

Beall	Dirksen	Miller
Boggs	Dworshak	Morton
Bridges	Fong	Mundt
Bush	Goldwater	Saltonstall
Capehart	Hickenlooper	Schoeppel
Carlson	Holland	Thurmond
Case, S. Dak.	Hruska	Wiley
Cotton	Kuchel	Williams, Del.
Curtis	Lausche	Young, N. Dak.

NAYS—66

Alken	Gruening	Metcalf
Anderson	Hart	Monroney
Bennett	Hartke	Morse
Bible	Hayden	Moss
Burdick	Hickey	Muskie
Butler	Hill	Neuberger
Byrd, Va.	Humphrey	Pastore
Byrd, W. Va.	Jackson	Pell
Cannon	Javits	Randolph
Carroll	Johnston	Robertson
Case, N. J.	Jordan	Russell
Church	Keating	Scott
Clark	Kefauver	Smathers
Cooper	Kerr	Smith, Mass.
Dodd	Long, Mo.	Smith, Maine
Douglas	Long, Hawaii	Sparkman
Eastland	Long, La.	Stennis
Ellender	Magnuson	Symington
Engle	Mansfield	Talmadge
Ervin	McClellan	Williams, N.J.
Fulbright	McGee	Yarborough
Gore	McNamara	Young, Ohio

NOT VOTING—7

Allott	Chavez	Prouty
Bartlett	McCarthy	Proxmire
Blakley		

So Mr. DIRKSEN's amendment in the nature of a substitute was rejected.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the substitute was defeated.

Mr. DOUGLAS. Mr. President, I move to table the motion of the Senator from Minnesota.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. CAPEHART. Mr. President, I send to the desk an amendment, designated "3-8-61-A," and ask unanimous consent to have it stated by title only and printed in the RECORD.

The PRESIDING OFFICER. Is there objection? The chair hears none, and it is so ordered. The amendment offered by the Senator from Indiana will be stated by title.

The LEGISLATIVE CLERK. An amendment, on page 42, beginning with line

4, to strike out all through line 10, on page 43, and insert certain language.

The amendment is as follows:

On page 42, beginning with line 4, strike out all through line 10, on page 43, and insert the following:

"SEC. 5. (a) (1) The Secretary of Labor shall from time to time, or upon the request of the Administrator, certify to the Administrator the location of any labor market area within the United States which he finds (on the basis of available labor force data or such special studies as he deems necessary) is sufficiently limited in the size of its labor force and in the character of its economy so as to be dependent on a single industry for its employment opportunities. For the purposes of this subsection, a labor market area shall be deemed dependent on a single industry for its employment opportunities if (A) the area has a labor force of less than fifteen thousand and at least 25 per centum of that labor force has been employed in one industry during any one of the preceding ten calendar years, or (B) the area has a labor force of fifteen thousand or more and at least 20 per centum of that labor force has been employed in one industry during any one of the preceding ten calendar years.

"(2) The Administrator shall designate as a 'redevelopment area' any labor market area, with respect to which a certification is made under paragraph (1) of this subsection, which he determines is an area—

"(A) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (B) below; and

"(B) where the annual average rate of unemployment has been at least—

"(i) 50 per centum above the national average for three of the preceding four calendar years; or

"(ii) 75 per centum above the national average for two of the preceding three calendar years; or

"(iii) 100 per centum above the national average for one of the preceding two calendar years; and

"(C) where there exists no reasonable probability of substantial improvement in employment opportunities in the foreseeable future without assistance of the type provided in this Act."

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to propound a question to the majority leader with respect to H.R. 4806, which I understand was reported by the Finance Committee. That is the temporary unemployment compensation bill. I understand there is no objection to the consideration of that bill tomorrow if we complete action on the pending bill today.

Then I make a further inquiry about a session on Friday, in view of the fact that there will be a rather generally diffused celebration of the anniversary of the great patron saint of Ireland.

Mr. MANSFIELD. Mr. President, does the Senator wish an answer?

Mr. DIRKSEN. Yes.

Mr. MANSFIELD. It is our hope to complete action on the pending bill tonight, and to have as the unfinished business tomorrow the measure reported by the Senate Finance Committee today, having to do with the extension of unemployment compensation benefits.

Shortly after that bill is acted on, it is the intention to consider the extension of unemployment compensation benefits for railroad workers, which of course operates not under Social Security but under the Railway Labor Act.

It is hoped we can then consider the two treaties relating to the OECD and the Columbia River Basin.

None of those measures should require much time. I hope the Senate will act expeditiously.

AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Mr. MANSFIELD. Mr. President, I should like to ask the Senator from Indiana, who has an amendment pending, if he would be amenable, despite the unanimous-consent agreement with regard to limitation of time on amendments and on the bill, to a 20-minute limitation on his amendment, with 10 minutes for the proponents and 10 minutes in opposition. The proposal relates to the one amendment.

Mr. CAPEHART. I have no objection.

Mr. SCOTT. Mr. President, it was my hope I might be recognized following the Senator from Indiana. So far as I am concerned, I should be glad to agree to a similar limitation with respect to my amendment—perhaps 15 minutes to a side.

Several Senators addressed the Chair.

Mr. MANSFIELD. I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I am obliged to say to the Senator from Pennsylvania that I had asked the Presiding Officer, while the last amendment was under consideration, for recognition, since I intended to offer my amendment. Agreement to the request of the Senator from Pennsylvania would mean he and I would be in conflict.

Mr. SCOTT. If the Senator from Ohio made an earlier request, of course I shall be glad to defer to the Senator from Ohio. I hope we can have some indication as to how long the Senator from Ohio expects to require, so that I can guide myself.

Mr. MANSFIELD. Mr. President, in view of the seemingly near unanimity and good fellowship, I wonder if the Senate will consider a unanimous-consent request to limit debate to 30 minutes on each amendment from now on to be divided equally, 15 minutes to a side?

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. BUSH. This would leave considerable time on the bill?

Mr. MANSFIELD. Yes; there is time remaining on the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. LAUSCHE. Yes, Mr. President, I object, so far as my amendment is concerned.

Mr. MANSFIELD. Mr. President, I withdraw my request, and I ask unanimous consent that the time limitation of 20 minutes apply to the amendment offered by the Senator from Indiana.

Mr. CAPEHART. Let us make it 30 minutes, 15 minutes for each side.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 30 minutes on the Capehart amendment, to be divided 15 minutes on each side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. CAPEHART. Mr. President, the proposal I am now going to discuss with respect to the bill, in my opinion concerns the very heart of the bill and may mean the difference between success and failure of the program.

My amendment would not apply to the rural sections of the bill. It would not touch the public facilities section of the bill. It would apply only to the so-called business section of the bill, or that portion of the bill which attempts to create employment.

I am in favor, as I think every other Senator is, of seeing the Federal Government, the States, and the counties help towns or communities in the United States which have 100 percent chronic unemployment.

What do I mean when I say "chronic unemployment"? I refer to the town with one industry, or, let us say, a mining town in which the mines are depleted and closed. Let us assume that in a one-industry town the factory has closed; there is absolutely no possibility of anybody getting a new job in that town or community unless someone brings in a new facility.

My amendment would be very helpful to the State of West Virginia. It would be helpful to western Pennsylvania, where the coal mines have been depleted.

Unless the Senate agrees to this amendment or to the kind of formula suggested for arriving at help for the areas which have chronic unemployment in the United States, we shall face an almost impossible situation. In the first place, only \$290 million are to be provided under the bill to help communities all over the United States.

If my amendment or some other criterion or formula is not agreed to, we will face the situation, for example, that the city of Detroit at the moment, as well as many, many other cities, falls within the formula described in the bill.

Thirty days from now those cities may not come under the formula. Sufficient manufacturing facilities or job opportunities will be available in Detroit, let us say, when the existing factories and businesses put the men back to work. Then there will not be unemployment in Detroit. Detroit is not a city with chronic unemployment. The unemployment in Detroit is a result of operations of the automobile industry.

If the Federal Government attempts to finance temporary unemployment wherever it shows its head all over the United States, in every town and every

community, we shall have the greatest confusion and chaos.

Under the formula in S. 1 a city could be entitled to help today and 30 days from now not be entitled to help, or vice versa. Today the city may not qualify, and 30 days from today it may.

We do not have enough money, under the terms of the bill, to do the entire job. By the time the Secretary started helping Detroit the money would be gone. How could Detroit, which has two and a half million people, be helped? What could be done? All that could be done under the bill with respect to unemployment, about which we talk so much, is to make loans—65 percent of the cost of a building or a factory, 65 percent of the cost to rehabilitate a factory, or 65 percent of the cost to buy land. That is all the bill provides. The provisions are ridiculous and afford too little.

We should confine the assistance to the towns in the United States—how many there are I do not know—in which there is never going to be another job unless some private enterpriser or someone builds a factory or a facility such as a processing plant.

Then we can do some good.

In addition, there is not enough money provided. There is only \$290 million under the terms of the bill. How far will \$290 million go toward building factories? We could not build the south end of the Ford factory in Detroit, or a General Motors factory in Detroit, for \$290 million.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I am happy to yield to the Senator in the Senator's own time.

Mr. DOUGLAS. Does the Senator from Indiana wish to offer an amendment to double the sum of money available under the bill, since he thinks the sum is not adequate in amount?

Mr. CAPEHART. I should be happy to double the amount provided in the bill if the Senator would accept my amendment.

Mr. DOUGLAS. No. If the Senator will double the amount, then we can do more for the areas for which his heart is bleeding.

Mr. CAPEHART. If the Senator from Illinois will confine the effort with respect to the communities having 100 percent chronic unemployment, with regard to which either private enterprise or Government operation in connection with private enterprise is necessary, with assistance from States and counties, in order to start new businesses, then I will go along as to doubling the amount of money, because I am in favor of helping those areas in the United States.

Mr. DOUGLAS. I do not think the Senator would have help from many of his colleagues on his side.

Mr. CAPEHART. Perhaps not, but I speak only for myself. Therefore I say that if we wish to help the chronically unemployed sections of the United States, then we should confine the activities set forth in the bill to the chronically unemployed. We should amend the bill to permit the Administrator to

lend working capital as well as money to rehabilitate a factory. There is already in the bill a provision for machinery and equipment. That provision remains. I think we could accomplish some good, then, with the proposed legislation.

Unless action as proposed by my amendment is taken, we shall have a small amount of money scattered all over the United States, and we shall never know whether or not a town is included within the provisions of the bill. In my opinion the bill will accomplish nothing, and many thousands of unemployed will be disappointed.

I have said a thousand times that if there is one man in the United States who is unemployed and is able to work and is willing to work, that is too many. I am perfectly willing to help solve the problem, as I always have been. I think I know how to create jobs. I think I know what it takes to create jobs. But we are not going to accomplish our object unless we confine the provisions of the bill to the chronically unemployed.

Originally that was our object. I honestly believe that practically every Senator thinks that is what the bill would do. I believe Senators thought they were accomplishing that object under the bill. I say that such purpose will not be accomplished unless my amendment or some similar amendment is agreed to.

Temporary unemployment and permanent unemployment are being confused in our discussion of the bill. Dealing with both at one time will not work. Let us take care of the permanently unemployed by helping those who are permanently unemployed. If it is necessary to take care of those affected by a recession or those temporarily unemployed, let us do so under some other bill, because temporary unemployment moves up and down. One day we have plenty of employment, and the next day we do not.

I have nothing further to add. I tried to have my amendment agreed to in the committee. I tried to have it agreed to on the floor. I shall vote for the bill if the amendment is agreed to. If it is not, I shall not support the bill, because to do so without the amendment in my opinion would be pulling a hoax on the unemployed in the United States.

I ask unanimous consent to have the statement I have prepared included in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

I have risen in a last effort to try to convince Members of the Senate that, in my humble opinion, the adoption of S. 1 without a proper definition of what is a "depressed area" or what is "chronic unemployment" may well lead to a bureaucratic fiasco.

I have offered a criteria, in the form of an amendment to S. 1, which I believe to be a proper description of a community which can never again partake of the benefits of a growing economy unless some help reaches that community in the form of new employment.

This criteria was not accepted by the majority of the Senate Banking and Currency Committee.

Maybe it was because my explanation of the proposal was as faulty and as loose as the bill is.

If that be true, I will try now to improve my effort.

Perhaps the amendment was not accepted in committee because some of the Senators have a different idea of what is "chronic unemployment" and what constitutes a "depressed area."

Obviously, the criteria which is now in the bill does not describe my type of "chronic unemployment" or what I think of as a "depressed area" because under the existing criteria so-called depressed areas go on and off the eligible list as if they weren't sure whether they wanted to be "depressed" or not.

My type of "depressed area" would be eligible period until such time as our legislation would do something about it.

I think of a community like Beckley, W. Va., as fitting the true description of an area of persistent unemployment that is due to a chronic cause.

Chronic means "consistent" and "continuous."

How in the world can we have a "chronic" area which is eligible one month and not eligible another month if "chronic" means "consistent" and "continuous"?

Now, before somebody takes issue with my use of the term "chronic" as not fully describing the intent and purpose of the bill, I should like to admit the terms have been changed through the course of months.

Why were they changed?

I would have to turn to the architects of the bill for that answer.

I realize as well as any Member of the Senate that the principal author of the bill did say at one point in the hearings on the bill in January that he no longer referred to the eligible areas as "depressed areas"; they were being called "areas of substantial and persistent unemployment and underemployment."

From this point on the bill "just grew" like Topsy.

But we can take the language in the declaration of purpose of S. 1 and raise a question as to the appropriateness of the criteria in S. 1.

There the authors use the word "persistent."

"Persistent" means "existing continuously, enduring" and, appropriately, "tenacious."

Again I say if that is the type of condition this bill is to combat then the existing criteria will never do the job.

Turning just once more to the declaration of purpose of the bill, I want to consider for a moment the use of the words "substantial unemployment."

The declaration observes that some of our communities are suffering "substantial" unemployment.

This is where the bill bursts wide open and no longer is it a bill to help the Beckleys of our country.

It becomes a hybrid bill. They have grafted a depressed areas bill with an anti-recession bill and brought forth upon this Senate Chamber a two-headed beast and not enough food for either head.

Are we going to try to help the Beckleys in our Nation with \$390 million which is little enough, or are we going to help the Detroit, the Pittsburghs or any other metropolis where we find "substantial unemployment"?

If we are to use this bill to solve all the problems of "substantial unemployment" which breeds on temporary causes for the most part, then, we need to get out pencil and paper and start figuring the financial section all over again.

We all know what "substantial" means. It means "not imaginary" not illusive; real; true; having substance; strong; stout; solid; firm; possessed of goods; moderately wealthy; responsible; something substantial."

Sure, it is very simple. All the Administrator of this program has to do is find that a good stout unemployment condition exists anywhere and a-way we go!

Since this bill also includes a considerable rural program, we might well find a super-PWA being operated on a miniature budget.

If this bill means what it says, the Beckleys are going to come to Washington with the plea: "Mister, can you spare a dime?"

I am going to explain my amendment in what I hope will be a word-picture of communities like Beckley, W. Va.; the kind of communities this bill was originally intended to assist and communities which I sincerely believe need the assistance of this bill.

First of all, there must be two sizes of such communities so we divide them by using a labor market force of 15,000 as the dividing point.

Those areas having more than 15,000 are the large areas, of course, and those below are the small. I am not attempting to insult the intelligence of the Senate; I am just trying to be careful in my explanation so that the amendment will be duly understood.

The cause of "chronic" or "persistent" economic conditions in such communities is consistently dominant-industry employment. The community basks in the glory of boom times when the dominant industry blossoms, but its plight becomes desperate when the dominant industry collapses for any reason.

We can think quickly of mining towns, railroad centers, and textile mill locations. We think of the Beckleys.

So, to distinguish such communities from others with different economic problems, my amendment would classify industry-dominated large communities when 20 percent of the labor market force has in one of the past 10 years, been employed in a given industry.

By the same method, the amendment classifies a small industry-dominated community, but the employment of 25 percent of the labor market force in a given industry in one of the last 10 years is required.

Now we have a big Beckley and a small Beckley.

Next, of course, we must measure the unemployment in such a community to determine whether it is of such magnitude as to fit the picture of our Beckley.

So the amendment uses the same unemployment criteria now contained in S. 1, but the criteria now has a new meaning because it is only one of three factors which constitute the word picture of our community.

There has to be a third factor and a most important one.

The amendment then requires that the Administrator must find that there exists in this community no reasonable probability of substantial improvement in employment opportunities in the foreseeable future without assistance of the type we are trying to provide in this legislation.

This is not a crystal-ball amendment because I am certain that any Member of this Senate can walk into one of the communities described in my amendment and determine in a matter of a few hours whether industry in that community can ever again absorb the unemployed without the creation of new jobs.

I have tried my level best to show the difference between this bill and what it long ago was intended for.

Unless this Senate can be presented with a bill which will do what we promised to do

for the Beckley, West Virginian's in our land, then I guess I will have to vote against the bill because I do not want to be a party to telling the people in a community one day that "you are going to get help from this bill" and telling them the next day that "you are not entitled to any help from this bill."

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the amendment of the Senator from Indiana.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, the purpose of this amendment is to restrict the assistance under S. 1 to one industry labor market areas in which there is substantial and persistent unemployment. In effect this amendment says that assistance will be extended only to those areas which have a chronic unemployment problem and which have been a one industry town or area.

I am sure that in practice the loans will be made primarily to localities where unemployment has existed for a long period of time. Such areas are shown on the chart in the rear of the Chamber. The length of the bars indicates the periods during which there has been substantial unemployment. The test is both substantial and persistent unemployment. The fact that a locality can meet the minimum test laid down in the bill does not mean that the loans must be made in that area. The Administrator, though he has discretion, will undoubtedly concentrate the loans in the areas where unemployment has been not only high but has persisted over a long period of time.

To be sure there are many one-industry towns or areas among those areas which have been suffering from persistent underemployment or unemployment. However, depending on a single industry is only one of many causes for these areas in distress. There are a great number of factors responsible for the present condition of these underdeveloped areas. The reasons for their present distress are both numerous and complex. They may differ from region to region in the United States.

Out of the many years of hearings a number of primary causes for distress in these areas have been identified. Among them are technological change, migration of industry, shifts of demand and depletion of resource base.

The purpose of S. 1 is to assist those areas suffering from chronic and persistent unemployment, whatever the cause for their persistent predicament might have been. It would seem arbitrary and capricious to merely tie assistance under section 5(a) of this act to so-called one-industry towns where there is chronic and persistent unemployment problems. All areas of

persistent and chronic unemployment should receive equal treatment and should have equal opportunity to apply for assistance under this act.

I hope the amendment of the Senator from Indiana will be rejected by an overwhelming vote.

Mr. CAPEHART. Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. CLARK in the chair). All time having been yielded back, the question is on agreeing to the amendment of the Senator from Indiana to the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Arkansas [Mr. FULBRIGHT], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. MCCARTHY] are absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon [Mrs. NEUBERGER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Texas [Mr. BLAKLEY] would each vote "nay."

On this vote, the Senator from Alaska [Mr. BARTLETT] is paired with the Senator from Kansas [Mr. SCHOEPPPEL]. If present and voting, the Senator from Alaska would vote "nay" and the Senator from Kansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of death in his family.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The Senator from New Hampshire [Mr. BRIDGES], and the Senator from Kansas [Mr. SCHOEPPPEL] are detained on official business.

On this vote the Senator from Kansas [Mr. SCHOEPPPEL] is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Alaska would vote "nay."

The result was announced—yeas 19, nays 71, as follows:

[No. 12]

YEAS—19

Bennett	Dirksen	Kuchel
Butler	Dworshak	Miller
Capehart	Fong	Robertson
Carlson	Goldwater	Wiley
Case, S. Dak.	Hartke	Williams, Del.
Cotton	Hickenlooper	
Curtis	Hruska	

NAYS—71

Alken	Bush	Church
Anderson	Byrd, Va.	Clark
Beall	Byrd, W. Va.	Cooper
Bible	Cannon	Dodd
Boggs	Carroll	Douglas
Burdick	Case, N. J.	Eastland

Ellender	Lausche	Proxmire
Engle	Long, Mo.	Randolph
Ervin	Long, Hawaii	Russell
Gore	Long, La.	Saltonstall
Gruening	Magnuson	Scott
Hart	Mansfield	Smathers
Hayden	McClellan	Smith, Mass.
Hickey	McGee	Smith, Maine
Hill	McNamara	Sparkman
Holland	Metcalfe	Stennis
Humphrey	Monroney	Symington
Jackson	Morse	Talmadge
Javits	Morton	Thurmond
Johnston	Moss	Williams, N.J.
Jordan	Mundt	Yarborough
Keating	Muskie	Young, N. Dak.
Kefauver	Pastore	Young, Ohio
Kerr	Pell	

NOT VOTING—10

Allott	Chavez	Neuberger
Bartlett	Fulbright	Prouty
Blakley	McCarthy	Schoeppel
Bridges		

So Mr. CAPEHART's amendment to the committee amendment was rejected.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DOUGLAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I call up my amendment designated "3-14-61—C" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 53, beginning with line 10, it is proposed to strike out all through line 12 on page 56.

Renumber succeeding sections accordingly.

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. MANSFIELD. Would the Senator be agreeable to a unanimous-consent agreement to limit the time on his amendment?

Mr. LAUSCHE. No. I will try to present the issue involved in my amendment quickly. I do not wish to incur a hazard by limiting myself to a specified time.

Mr. MANSFIELD. Very well.

Mr. LAUSCHE. I shall, however, try to present the amendment to the Senate as rapidly as I can.

My amendment contemplates striking section 8 from the bill. Section 8 provides for the making of grants as distinguished from loans. The grants may be made when certain conditions are met by the Administrator, and the grants may be made to—

Any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area, or part thereof.

I am reading from page 54 of the bill, paragraph (b).

The grants can be used—

For land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area.

In this section, as is indicated in paragraph (e), on page 56 of the bill, there is—

Authorized to be appropriated not to exceed \$75 million for the purpose of making grants under this section.

Mr. President, although one could rather well argue that the making of loans is not a hazardous indulgence by the Federal Government, under the other sections of the bill, as I wish to point out, when grants are made, they are gifts to the particular agencies which receive the funds. This is an innovation in the provision of aid to develop small business, to develop community facilities, or to aid in the development of rural areas.

It has already been pointed out that we have approximately three specific methods of trying to give aid. The first is by means of the loan provisions in the Agricultural Acts; and those acts contain, in addition, provisions for the training of men, the giving of advice in regard to how to run farms, and so forth.

The second method of giving help is embodied in the provisions of the Small Business Administration Act. The provisions of that act are exceedingly broad. They allow the making of loans to individuals for the purchase of land, the construction of shops, and the purchase of equipment. However, when such a loan is made, interest must be paid, and later on the loan has to be repaid.

The third method is by means of the Community Facilities Act, in connection with the functions of the Federal Housing Administration. The Community Facilities Act allows the making of loans for the construction of sewers, sidewalks, generating plants, gas lines, and so forth. Likewise, it involves the payment of interest at a certain rate, although the rate is favorable to the borrower.

Past experience indicates that we already have available the farmers redevelopment program and the means of making loans to small business concerns for the functions set forth in this bill; and we have allowed loans to be made for the development of public service facilities.

Mr. President, in the pending bill, we again provide for the making of loans. One might ask why provision is being made for the making of loans, by means of the pending bill, when loans are already covered by the Small Business Administration Act and by the Federal Housing Act?

The pending bill allows the making of loans on extremely liberal bases; what I have called secondary or tertiary security can be taken when the loan is made. A first mortgage or a first bonded indenture is not required in order to make such a loan; there can be a second-class or a third-class or even a fourth-class security.

I submit to my colleagues that when we have gone that far, we have gone practically the full length of justification.

But the proponents of the bill are not satisfied with the provision that 65 percent of the cost of purchasing land or constructing a building or purchasing machinery can be loaned and the Federal Government is to take, as security a second mortgage or a third mortgage or a fourth mortgage. The proponents of the bill say we must go one step fur-

ther. Mr. President, what is that step? It is to give the money away. But I cannot agree to that.

Mr. SALTONSTALL. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER (Mr. CANNON in the chair). Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. LAUSCHE. I yield.

Mr. SALTONSTALL. Is there not another question, in addition to that of the actual money to be appropriated for such a grant? It is that this bill is an experiment; and if we remove initiative and the effort of those in the localities to build up new businesses or to build up a new public utility, if we remove such initiative by giving them the funds needed, we shall take away very much of what we are trying to accomplish in order to have new industries and more employment in the towns developed. In that case, shall not we be making every city and every town attempt to come under the grant provision, rather than under the loan provision? But if we make grants available under those conditions, we shall have destroyed local initiative.

Mr. LAUSCHE. Mr. President, I think the very statement the Senator from Massachusetts has made of the proposition establishes its strength and its truth.

Are we to say, "Do not exert yourself in your community. Do not solicit the chamber of commerce to provide the needed funds. Do not go to your local bank, to see whether you can persuade it to provide the money you need. Instead, wait; the Federal Government will give the money to you." That is the essence of the whole matter.

Mr. SALTONSTALL. Mr. President, will the Senator from Ohio yield again to me?

Mr. LAUSCHE. I yield.

Mr. SALTONSTALL. Is not that completely different from making grants—which this bill would do—in smaller amounts, for reeducation or for subsistence during reeducation? That is a proper form of grant.

But to provide the facilities themselves will take away all the zeal with which an individual or a locality would work.

Mr. LAUSCHE. I have no objection to provisions for retraining and for aid in that respect.

My objection goes to the program of giving away.

Mr. BUSH. Mr. President, let me ask whether the Senator from Ohio has asked that the yeas and nays be ordered on the question of agreeing to his amendment.

Mr. LAUSCHE. I have not.

Mr. President, I make that request now.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. LAUSCHE. Later, Mr. President, when there is a larger attendance, I shall renew my request.

Mr. President, we began by providing for the making of loans through the Small Business Administration, which

asks for security. We continued, by providing for the making of loans for community facilities.

Now it is proposed that we provide for the making of loans for the construction of factories.

But some Senators are not content with even that; and they say that in addition to the loans, there must be grants.

Mr. President, I submit to my colleagues that we can go only one step further; and that step is that when those who are offered the grants refuse to accept them, the Federal Government can say to them, "We will give you a premium if you will take our money." [Laughter.]

That is the only step that lies beyond, Mr. President; beyond that there is *ne plus ultra*, as it is said; when that step is taken, nothing else remains; we shall then have gone the whole way.

Obviously, great inspection has been made. But how much further can we go?

Furthermore, Mr. President, I ask for the adoption of my amendment on the basis of the constantly growing tendency on the part of the U.S. Congress to subsidize. As matters now stand, we are told that the lead and the zinc industries cannot survive unless money is given to them; we are told that the merchant marine is about to collapse unless money is given to it, as a subsidy; we are told that the airlines cannot succeed unless we subsidize them; and there is talk about the ceramics industry begging for money, as a subsidy. All up and down the line we hear the argument, "We cannot survive unless money is given to us out of the Federal Treasury."

Why am I opposed to this constant giving away of money? If we continue it, we are robbing the person who bought U.S. Government bonds; we are stealing from the person who was thrifty and tried to put away money to take care of himself in his old age; we are taking away a part of the pensions and the annuities and the retirement payments that people have anticipated to sustain them in their older years.

If Senators ask me, "How are we doing it?" my answer is, "By 24 out of 30 years of deficit operations." The dollar that bought 100 cents' worth of material in 1941 now purchases 46 cents' worth of material.

We had a debt of \$255 billion after the war. It is now \$290 billion. Our gold reserves are flowing out of the country. Short term foreign creditors are declaring that they do not want our paper; they want our gold.

Keep giving away, keep pushing the Federal Government into programs that historically have belonged to local and State governments, and, instead of ending the problem, we are going to make it worse.

It might be said that \$75 million is not much; and I suppose it is not to those who have never had fiscal responsibility. I think it means much to a man who was once a Governor, to a man who knows what it means to impose taxes and to have revenues commensurate with expenditures. But \$75 million is merely the beginning. Three

years from now it will be \$150 million, and then \$250 million; and, when it is projected into future years, the cost goes far beyond our imagination.

I can go along with the lending phases of the bill, although they are weak. They are weak because they provide that second, third, and fourth class securities can be accepted.

Yesterday we had a very interesting discussion on the floor of the Senate. It was pointed out that we have reached such a stage that when, in some instances the Department of Defense finds it ought to move from a section because the section is uneconomical to operate, new conditions may have arisen which seemingly make it mandatory for the Department of Defense to stay in the community. These were the facts offered in support of such a decision: There is a housing project near an Army base. The Federal Government has money loaned on that housing project. If the Army base moves, the loan of the Federal Government will become lost or greatly impaired.

Therefore, the operation should not be discontinued. It should be continued so that the loan which the Federal Government made will be protected.

If that argument is sound, how many communities shall we go into which have been unacceptable for businesses to settle in? Once we go in, with a \$500,000 plant or a \$1 million plant, how shall we ever get out? We shall have to feed good money into it to save bad money. We shall never get out. There will be a perpetuation of bad conditions. And, I say to the Senator from Virginia [Mr. BYRD], who is sitting near me, I foresee the arrival of that day, in view of the many actions we are taking.

Mr. President, I suppose the easy course would be to say to my citizens back in Ohio, "I have succeeded in getting \$75 million for you as a gift. Is that not wonderful? The Federal Government is going to dip into its Treasury and provide \$75 million for you, and it will cost you nothing." How wonderful that would be. But cold realism labels that statement as untrue, and I shall not subscribe to it.

Only one more thought, and I shall close. In 10 years, as Governor of Ohio, I fought intensely to bring business to Ohio, and I brought it into my State from Pennsylvania, Michigan, and other States. Though it may sound vain, the business was brought there because we tried to maintain law and order and make sure that preferential treatment was given to no one.

When troubles were rampant, not only in my State, but in adjoining States, I had calls to get me to throw my governmental strength on the side of one party in a controversy, and to throw that support on the basis of abandoning my sense of morality. I did not do it.

Mr. President, where does business settle? When an attempt is made to attract business to a State, the prospects will ask, "Are you close to the consuming market? Are you close to raw materials? Do you have a supply of manpower? What highway, railway, and

waterway transportation do you have? Do you have electricity and water supply? What type of government do you run? Is Government in the hands of the people, or is it in the hands of those who want to exploit?"

If I were a businessman, I would say, "All I ask is, give me the protection of law and order, and do not punish me when I come into your State with a business."

With money there can be provided buildings, land, sidewalks, sewer and gas lines, but, my colleagues, law and order cannot be provided by a congressional declaration or congressional provision of money. Nor can we put a community close to the consuming public or raw materials.

By this bill we are contemplating arrogating to the U.S. Congress the proposition that, by a magic wand, the spending of \$375 million will do that which nature itself shows does not exist.

In one of the legislative sessions early in the 1950's there was in progress a very bitter debate in the Legislature of Ohio. A group of breeders of what is known as the Ohio Improved Chester White hog wanted that breed made a separate breed by legislative declaration. They had had difficulty with the breeders of the Chester White hog. The Chester White hog breeders said that the Ohio improved Chester White hog was simply an offspring of the Chester White hog. Not being able to get the Ohio Improved Chester White hog into the county fairs and State fairs, the breeders went to the legislature and had a bill introduced to declare this to be a special breed. The legislature passed the bill. The bill came to my desk.

A farmer wrote to me and he said:

I object to the signing and the passage of the bill.

He went on to say:

Commonsense from time immemorial indicates clearly that new breeds are always created by new biological combinations and never by legislative declaration.

That, in my opinion, applies to the bill before the Senate. By legislative declaration the Senate is trying to change a condition which cannot be changed.

I have seen the maps. I have seen the Ohio areas which have been delineated. I know them. The provisions of the bill before the Senate will not aid in the solution of the problems.

On that basis I ask my colleagues to strike from the bill section 8, which provides for grants to be used in the building of and in the remodeling of buildings and in the buying of land, and so forth.

That is my case.

Mr. DOUGLAS. Mr. President, I regret that I am not such an authority on the breeding of hogs as my good friend from Ohio. However, while the amendment is directed ostensibly against the \$75 million of grants provided for public facilities, his speech was, in effect, a broadside against the bill as a whole.

Mr. LAUSCHE. I will vote for the bill if the grant provision is eliminated.

Mr. DOUGLAS. I regard the grant provision as essential to the bill. As

the Senator from Ohio has said, industrial concerns, for one thing, weigh the presence or absence of sufficient supplies of water as one of the major considerations in determining whether they will locate in a community. There are many areas in the country with high unemployment which have abundant rainfall, but capital is lacking for the construction of dams to hold back the water and to create the industrial lakes which are needed to provide large quantities of industrial water to attract industry. This would be one of the major purposes for which loans and grants could be made.

There are many localities which have been bled white for such a long period of unemployment that they lack the tax resources from their own taxable property to finance the purchase of land for such a lake and for the construction of a dam.

If we were merely to provide loans, even at the interest rate set forth in the bill, many communities would not be able to take advantage of the loan provision, and hence would be ruled out. Consequently, the communities would not be able to attract industry and would not be able to reduce unemployment in the area.

The grant is intended to be a supplement to the loans, to help out. The loans are intended to be made only if loans are not available from private lenders or from other Federal agencies on reasonable terms.

As I have tried to point out time and time again today, and as I tried to point out yesterday, the loans for commercial facilities as well as for the industrial and rural areas will only be made if loans cannot be obtained from private lenders or other Federal agencies. The loans are intended to back up, not to replace, loans from private banks or from the Community Facilities Division of the Housing and Home Finance Corporation, the Small Business Administration, and so on.

I hope the amendment of the Senator from Ohio, which would certainly cripple the efforts of localities in West Virginia, eastern Kentucky, southern Illinois, northern Wisconsin, northern Michigan, northern Minnesota, southwestern Pennsylvania, east Tennessee, and many of the areas of the Appalachian Highlands, both north and south, will be defeated by a voice vote.

Mr. BUSH. Mr. President, will the Senator from Ohio yield to me so that I may ask for the yeas and nays?

Mr. LAUSCHE. I yield.

Mr. BUSH. Mr. President, I ask for the yeas and nays on the amendment of the Senator from Ohio.

The yeas and nays were not ordered.

Mr. BUSH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BUSH. The time can be taken for the call of the roll from the time on the bill.

The PRESIDING OFFICER. Does the Senator control the time?

Mr. LAUSCHE. Mr. President, I make the request.

Mr. BUSH. It can be done either way. The majority leader asked me to yield time if he were away from the Chamber. He is not in the Chamber.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOUGLAS. Mr. President, I hope the amendment will be rejected. I had hoped we could expedite passage of the bill by having a voice vote, but since the Senator from Connecticut is so insistent that we should have a yeas-and-nays vote, I am ready to have a trial of strength. I yield back the remainder of my time, and ask that we immediately have the vote.

The PRESIDING OFFICER. Is there a sufficient second to the request?

The yeas and nays were ordered.

Mr. BUSH. Mr. President, I thank the able Senator for his consideration. We are trying to save time, but we consider the amendment to be very important, and therefore a yeas-and-nays vote appears to be in order. I thank the Senator for his consideration.

The PRESIDING OFFICER. Is the time yielded back?

Mr. DOUGLAS. Mr. President, I yield back the remainder of my time.

Mr. LAUSCHE. Mr. President, I yield back my remaining time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Ohio to the committee amendment. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT] and the Senator from Arkansas [Mr. FULBRIGHT], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. MCCARTHY], are absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY], is necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Minnesota [Mr. MCCARTHY], would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of death in his family.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The Senators from Kansas [Mr. SCHOEPPEL and Mr. CARLSON] are de-

tained on official business. If present and voting the senior Senator from Kansas [Mr. SCHOEPPEL] would vote "yea."

The result was announced—yeas 36, nays 55, as follows:

[No. 13]

YEAS—36

Bennett	Eastland	Miller
Boggs	Ervin	Mundt
Bridges	Fong	Robertson
Bush	Goldwater	Russell
Butler	Hickenlooper	Saltonstall
Byrd, Va.	Holland	Smathers
Capehart	Hruska	Stennis
Case, S. Dak.	Jordan	Talmadge
Cotton	Keating	Thurmond
Curtis	Kuchel	Wiley
Dirksen	Lausche	Williams, Del.
Dworschak	McClellan	Young, N. Dak.

NAYS—55

Aiken	Hartke	Morse
Anderson	Hayden	Morton
Beall	Hickey	Moss
Bible	Hill	Muskie
Burdick	Humphrey	Neuberger
Byrd, W. Va.	Jackson	Pastore
Cannon	Javits	Pell
Carroll	Johnston	Proxmire
Case, N.J.	Kefauver	Randolph
Church	Kerr	Scott
Clark	Long, Mo.	Smith, Maine
Cooper	Long, Hawaii	Smith, Mass.
Dodd	Long, La.	Sparkman
Douglas	McGee	Symington
Ellender	McNamara	Williams, N.J.
Engle	Magnuson	Yarborough
Gore	Mansfield	Young, Ohio
Gruening	Metcalf	
Hart	Monroney	

NOT VOTING—9

Allott	Carlson	McCarthy
Bartlett	Chavez	Prouty
Blakley	Fulbright	Schoepfel

So Mr. LAUSCHE's amendment to the committee amendment was rejected.

Mr. DOUGLAS. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CARROLL. Mr. President, I have followed closely the shaping of S. 1 during the past several months. I have corresponded with the senior Senator from Illinois [Mr. DOUGLAS], who has labored so long and hard over this bill. A few weeks ago I proposed an amendment to S. 1 which would include, in the criteria for eligibility, the factor of distance traveled to and from work. This was designed to permit the administrator of the program to take into account the areas where raw unemployment statistics do not fully tell the story; in my own State of Colorado, and in others, there are areas where a large percentage of those able to find employment must commute 40 or 50 miles a day from their homes to their place of work and home again. There just are not enough jobs near their homes.

The committee did not see fit to adopt my proposed amendment. I do not quarrel with the committee's judgment. Its problem is a difficult one and the funds are limited. However, I am happy to be able to say that as I read the bill, the criteria adopted by the committee unquestionably will help at least one depressed area in Colorado; and likely two.

I am referring to the once-thriving coal mining areas in south central Colo-

rado, centered around the cities of Walsenburg and Trinidad. With the replacement of coal by natural gas for domestic and industrial fuel, these regions have been suffering chronic unemployment for decades. Their plight has been made worse by the inescapable advance of automation in those mines that remain in operation. And in recent months, their woes have multiplied because of layoffs in the steel mills at Pueblo, which have further curtailed the demand for coal.

Both these cities are amply endowed with fine climate, scenery, recreational advantages, water, power, natural resources and alert aggressive citizenry. All they need is a bit of help to get started in full swing.

There is not the slightest doubt in my mind that Walsenburg and surrounding Huerfano County will benefit under S. 1. Section 5(a) of the bill states that the administrator shall designate as redevelopment areas those areas where unemployment is currently 6 percent or more; and where the annual rate of unemployment has been at least 50 percent above the national average for 3 of the preceding 4 calendar years.

In Walsenburg, unemployment has been over 6 percent for the last 5 years, 1956 through 1960; and in Walsenburg, unemployment has been more than 50 percent above the national average in 1957, in 1959 and in 1960. The following table shows this in specific detail:

Year	National average (percentage)	National average plus 50 percent	Walsenburg unemployment
1957	4.3	6.4	6.9
1958	6.8	10.2	8.3
1959	5.5	8.2	9.2
1960	5.6	8.4	9.8

Under a reasonable application of these criteria, the city of Trinidad, and neighboring portions of Las Animas County, most probably will qualify under S. 1. Unemployment there has been above the national average and above 6 percent for 3 of the last 4 years; but it has not been 50 percent above the national average for 3 of the last 4 years.

However, the report of the Committee on Banking and Currency on page 15 says this:

The Administrator may also, at his discretion, designate other areas as eligible for assistance where substantial and persistent unemployment has existed and which have unemployment conditions generally comparable to those of the areas of mandatory designation.

For example, this is intended to give the Administrator the necessary discretion to designate as a redevelopment area * * * an area which has suffered from a sudden, severe or catastrophic loss of employment opportunity and which might not otherwise become eligible for assistance until at least a year had passed.

This language, Mr. President, is based on the wording of lines 6 and 7 on page 42 of the bill: " * * * on the basis of standards generally comparable."

There has been a sudden and catastrophic loss of employment opportunity in and around Trinidad. The Frederick mine closed down tight just before

Christmas, 1960, and the Allen mine has undergone a drastic reduction in force. Last May, these 2 mines were hiring 1,000 men. They now hire only about 200 men. Does this layoff sound small? Only if we fail to remember that the entire work force in the Trinidad area consists of 5,780 people. I submit that this loss of employment, Mr. President, is as sudden and catastrophic as anything short of an earthquake, tidal wave or major conflagration can be. I want to say now that I will take this up with the Administrator of this new program as soon as he is able to function. I am confident that a fairminded Administrator will agree wholeheartedly with me.

In this connection, I ask unanimous consent to have inserted in the RECORD at this point a letter from Senator DOUGLAS which bears directly on the subject under discussion.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
January 30, 1961.

HON. JOHN A. CARROLL,
U.S. Senate,
Washington, D.C.

DEAR JOHN: During the current hearings on S. 1, it has become increasingly evident that some provision ought to be made for areas, such as those you refer to in Colorado, which although they do not now qualify as areas of persistent labor surplus, the prospects for employment are not very good. Several witnesses have pointed out that we ought to recognize areas in which it is just a matter of time before they would qualify for assistance under S. 1.

I am inclined to agree that under special circumstances—Trinidad and Walsenburg appear to be areas where these circumstances exist—the area redevelopment program should be flexible enough to include them.

Faithfully yours,

PAUL.

Mr. CARROLL. Mr. President, the people of a third area bordering these two in south central Colorado have been undergoing great economic hardship over the years. This is predominantly rural Costilla County, whose economy depends chiefly on ranching, irrigated farming and—sad to say—State welfare department assistance.

Under section 5(b) of S. 1, the Administrator may designate as redevelopment areas those areas which have a large percentage of low-income farm families, relative to the Nation as a whole. Among the seven criteria are current and prospective employment opportunities; the extent of migration out of the area; and the proportion of the population receiving public assistance.

As I read the section I think it entirely possible that Costilla County can qualify.

Migration out of this historic and scenic area, where Kit Carson once commanded old Fort Garland, has been appalling. It is a direct result of lack of job opportunities. During the decade 1950–60, the population of the State of Colorado rose by 32.4 percent; but Costilla County population dropped by 30.5 percent. In the preceding decade, while Colorado population was rising by 18

percent, Costilla County population fell off by 19.5 percent.

The proportion of persons receiving public assistance is very high. An average of 570 persons per month received public assistance in fiscal 1960. That is 13.5 percent of the county population.

Unemployment is high but can only be estimated. There is no State employment department office in Costilla County. But the county figures are included in the report from the Alamosa office, which is currently 10.1 percent—far above the national average.

The most recent definitive report on Costilla County's income per capita is several years old, but conditions have not improved materially. Per capita income in Costilla County in 1956 was \$576 compared with a Colorado average of \$1,853 and a national average of \$1,944. Thus, Costilla County income was only 31 percent of the State income per capita and only 29 percent of the national per capita income.

Farm income figures are more recent. In 1959, only 24 percent of all Colorado commercial farms showed gross sales of less than \$5,000—but in Costilla County, 51 percent of all commercial farms grossed less than \$5,000.

The value of farm land and buildings for Costilla County at last tabulation was only half of the statewide average. A "level of living index" compiled by the U.S. Department of Agriculture midway through the last decade put Costilla County among the lowest one-third of all counties in the Nation in such conveniences as running water, telephones and electricity. This was years ago, and while the rest of the Nation generally has raised itself since then, Costilla County has not kept pace.

Nor can these conditions be attributed to a few bad crop years or to exhausted soils or to a ne'er-do-well attitude. The soil produces wonderfully when it has water. The original settlers of Costilla County held land grants from the Kings of Spain; they were the first people of European origin to form a permanent settlement in what is now Colorado, and their first water decree dates back to 1852. Augmenting these pioneers have been hardworking farmers, ranchers, and townspeople of both Anglo-American and Japanese-American ancestry. But the people of this county for too long have had to watch some of their most promising children migrate elsewhere. They need and deserve help, and I think S. 1 holds out hope of assistance to them.

Mr. SCOTT obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SCOTT. I am glad to yield to the majority leader.

Mr. MANSFIELD. Mr. President, I wonder if it would be possible to obtain both a time limitation and the ordering of the yeas and nays on the amendment to be proposed by the Senator from Pennsylvania? I ask unanimous consent that the time may be limited to 40 minutes, with 20 minutes on each side.

Mr. SCOTT. That is acceptable to me.

Mr. DOUGLAS. I promise that our side will not take more than 5 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. SCOTT. I now demand the yeas and nays.

The yeas and nays were ordered.

Mr. SCOTT. Mr. President, I call up my amendment, in the nature of a substitute, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. SCOTT. Mr. President, I ask unanimous consent that the amendment be not read but printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment was ordered to be printed in the RECORD, as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That this Act be cited as the 'Area Redevelopment Act'.

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment which causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

"AREA ECONOMIC REDEVELOPMENT ADMINISTRATION

"SEC. 3. To assist areas in the United States designated hereinafter as redevelopment areas, the Secretary of Commerce is authorized to take such action as may be necessary to carry out the provisions of this Act. To assist the Secretary of Commerce (hereinafter referred to as the 'Secretary'), there is hereby established within the Department of Commerce an Area Economic Redevelopment Administration which shall be headed by an Administrator who shall be appointed by the Secretary and who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

"ADVISORY BOARD

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Economic Redevelopment Advisory Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: The Secretary, as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Labor; and Treasury; the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member

of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and which shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry in which employment has dropped substantially over an extended period of years and which in consequence has been a primary source of high levels of unemployment in several areas designated by the Secretary as redevelopment areas. Conferences convened under authority of this subsection shall consider with and recommend to the Secretary plans and programs with special reference to any such industry to carry out the purposes of this Act.

"REDEVELOPMENT AREAS

"SEC. 5. (a) The Secretary shall designate as 'industrial redevelopment areas' those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area—

"(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and less averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

"(2) where the annual average rate of unemployment has been at least—

"(A) 50 per centum above the national average for three of the preceding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average for one of the preceding two calendar years.

"(b) The Secretary shall also designate as 'rural redevelopment areas' those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

"(c) In making the determinations provided for in this section, the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universi-

ties and land-grant colleges, and (4) private organizations.

"(d) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census are respectively authorized to conduct such special studies, obtain such information and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

"(e) As used in this Act, the term 'redevelopment area' refers to any area within the United States which has been designated by the Secretary as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

"LOANS AND PARTICIPATIONS

"SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, for purchases of machinery or equipment, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$100,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$50,000,000;

"(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

"(3) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

"(4) No loan shall be made unless it is determined that an immediate participation is not available;

"(5) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

"(6) Subject to section 11(5) of this Act, no loan, including renewals or extension thereof may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

"(7) Such assistance shall not exceed 50 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall among others, be on the following conditions:

"(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder; and

"(C) That in making any loan under this section with respect to an industrial redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources.

"(8) No such assistance shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area, and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"(c) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

"LOANS FOR PUBLIC FACILITIES

"SEC. 7. (a) Upon the application of any State, or political subdivision thereof, or private or public organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, improvement of public facilities within any redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

"(2) the funds requested for such project are not otherwise available on reasonable terms;

"(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

"(4) there is a reasonable expectation of repayment.

"(b) No loan under this section shall be for an amount in excess of 50 per centum of the aggregate cost of the project for which such loan is made. Subject to section 11 (5), the maturity date of any such loan

shall be not later than thirty years after the date such loan is made.

"(c) In making any loan under this section, the Secretary shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan repayable only after the financial assistance provided under this section has been repaid in full, and, if such loan is secured, its security shall be subordinate to the lien or liens securing the financial assistance provided under this section. In determining the amount of participation required under this subsection with respect to any particular project, the Secretary shall give consideration to the financial condition of the State or local government and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

"(d) Of the funds authorized to be appropriated under section 8 of this Act not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

"APPROPRIATION FOR LOANS

"SEC. 8. There is hereby authorized to be appropriated not to exceed \$200,000,000 to provide funds for loans under this Act.

"INFORMATION

"SEC. 9. The Secretary shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 10. In carrying out his duties under this Act, the Secretary is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,000,000 annually.

"POWERS OF SECRETARY

"SEC. 11. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Secretary shall determine, and pay the costs of qualification of certain of them as notaries public;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by him in connection with the payment of loans made under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise as in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deed of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications law, and, except in the case

of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

"(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"SEC. 12. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"PROCUREMENT BY GOVERNMENT AGENCIES

"SEC. 13. Each department, agency, or other instrumentality of the Federal Government engaged in the procurement of any supplies or services for use by or on behalf of the United States shall—

"(1) use its best efforts to award negotiated procurement contracts to contractors located within redevelopment areas to the extent procurement objectives will permit;

"(2) where deemed appropriate, set aside portions of procurements for negotiation exclusively with firms located in redevelopment areas, if a substantial proportion of production on such negotiated contracts will be performed within redevelopment areas and if such firms will contract for such portions of the procurement at prices no higher than those paid on the balance of such procurements;

"(3) where deemed appropriate and consistent with procurement objectives, after the expiration of the period during which bids for any procurement are permitted to be submitted and if the lowest of such bids was submitted by a firm in an area other than a redevelopment area, negotiate with firms in redevelopment areas with a view to ascertaining whether any such firm will furnish the services or supplies with respect to which bids were theretofore submitted for an amount equal to, or less than, the amount of the lowest bid theretofore submitted for the furnishing of such services or supplies, and if such firm can be found, award the contract for the furnishing of such services or supplies to such firm;

"(4) assure that firms in redevelopment areas which are on appropriate bidders' lists will be given the opportunity to submit bids or proposals on all procurements for which they are qualified and on which small business joint determinations have not been made, but whenever the number of firms on a bidders' list is exclusive, there shall be included a representative number of firms from redevelopment areas;

"(5) in the event of tie bids on offers on any procurement, award the contract to the

firm located in a redevelopment area, other things being equal;

"(6) encourage prime contractors to award subcontracts to firms in redevelopment areas; and

"(7) cooperate with other departments, agencies, and instrumentalities of the Federal Government in achieving the objectives set out in this subsection.

"URBAN RENEWAL

"SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA ECONOMIC REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Housing and Home Finance Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5(a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Housing and Home Finance Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Housing and Home Finance Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structure suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Housing and Home Finance Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act.

"(f) Not more than 10 per centum of the funds authorized for loans under section 102 or for capital grants under section 103 shall be available to provide financial assistance under this section."

"URBAN PLANNING GRANTS

"Sec. 15. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after 'counties which' the following: '(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (B)'.

"VOCATIONAL TRAINING

"Sec. 16. (a) The Secretary of Labor, in consultation with the Secretary of Commerce, shall determine the vocational training or retraining needs of unemployed individuals residing in redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions: *Provided*, That the Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the locality.

"RETRAINING SUBSISTENCE PAYMENTS

"Sec. 17. (a) The Secretary of Labor in consultation with the Secretary of Commerce shall, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are not entitled to unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be undergoing vocational training or retraining under section 16 of this Act. Such payments shall be made only during the period the individual is receiving vocational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

"(b) The Secretary of Labor and the Secretary of Commerce shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

"(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"Sec. 18. The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects under-

taken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

"PENALTIES

"Sec. 19. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

"Sec. 20. No loan shall be made by the Secretary under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Secretary occupying a position or engaging in activities with which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"ANNUAL REPORT

"Sec. 21. The Secretary shall make a comprehensive and detailed annual report to

the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed, and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"Sec. 22. In addition to appropriations hereinbefore specifically authorized, there are further authorized to be appropriated such sums as may be necessary to carry out the provisions and purposes of this Act.

"USE OF OTHER FACILITIES

"Sec. 23. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"RECORDS AND AUDIT

"Sec. 24. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act."

Mr. SCOTT. Mr. President, my amendment was introduced originally in the form of a bill. Its purpose is to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas. My bill is similar to the administration bill, referred to as the Douglas bill, in its criteria and in a number of other features.

It differs in several features which I shall mention. I shall address myself first to the fact that my bill, originally introduced as S. 6, on the first day of the session, shortly after the introduction of S. 1, contained the provision that this program should be administered under the direction of the Secretary of Commerce.

While there has been much discussion since then with respect to separate agencies, with an administrator whose nomination would be confirmed by the Senate, and so forth, I am very happy that S. 1, the pending bill, now contains a provision which was originally suggested by me on the first day of the session, for administration under the Secretary of Commerce. The bill varies in several particulars. I shall mention the major ones now.

The private projects authorized in the bill as loans are the same in amount, although there is no limitation in my amendment as to the amount to be used in the first year. The private projects for rural areas under S. 1 are \$100 million; under my bill, one-half of that. For public facilities, under S. 1, \$100 million; under my bill, one-half of that. Grants for public facilities, \$4 million, as distinguished from \$10 million in the first year and a \$75 million total in S. 1.

Technical assistance, \$10 million. Retraining and subsistence payments, \$10 million.

The loans for public facilities under S. 1 are \$100 million on the first year's limitation; under my bill, the amount would be \$50 million.

The maximum Federal participation under S. 1, 65 percent subordinate to other loans; under my bill, 50 percent.

The minimum State and local participation is the same in both bills—10 percent.

The maximum period of loan is 40 years, or 50 years, if extended, under S. 1; 30 years, or 40 years, if extended, under my bill.

There is very little difference in the amount of technical assistance. S. 1 provides \$4,500,000 annually; my bill provides \$4 million.

The provision for financing in my bill is by direct appropriations rather than through Treasury financing or so-called backdoor financing.

I believe that substantially states the major differences. My thought in introducing my bill in these amounts and in these terms is that it is more adequate than the bill proposed by the former administration. On that bill, as is well known, I voted to override the veto of the then President. I believe the amount contained in that bill was and is inadequate.

I believe, furthermore, that the approach contained in my bill presents a middle approach; namely, that the amount involved should be reasonable as to each item. It is an amount which might reasonably be expected to be used. It is an amount which has been calculated after much consultation with persons or representatives of agencies located in areas of chronic unemployment. Such areas exist in my State, particularly in the anthracite and bituminous regions, as well as in other areas, such as Erie and including parts of southeastern and southwestern Pennsylvania.

It will be recalled that the bill passed by the other body in the last session was in the amount of \$253 million, and that amount, approximately, was, I be-

lieve, accepted by this body. That is the bill which was sent to the President and vetoed by him, and the veto was not overridden. That amount is considerably closer to the amount proposed by my amendment than the amount represented in S. 1.

I submit the reasonable possibility that the other body is much more likely to come within shooting distance of my proposal than it is of the full amount requested under S. 1.

In any event, aid to areas of chronic labor distress is greatly needed. It is important to put people back to work. It is important to get a bill to help communities which have tried for so long and with such difficulty to lift themselves by their own bootstraps; which have raised money out of the pockets of individuals still working; out of their employers; and from civic bodies which have provided, and are continuing to provide, as much as they can through individual and group initiative. These communities have received some help from the State, even though the State has not complied with all the promises made by the present and previous State administrations as to what would be done by them.

In some communities in Pennsylvania, the actual rate of unemployment is deceptive because a high percentage of women are working in the small clothing factories and in small business enterprises, while the percentage of unemployment among the men of those communities is at times well over 50 percent. The result is that we see in those communities men standing around in the village squares, disconsolate, or doing the shopping or babysitting, while the women support the families as the sole breadwinners. This is shameful and shocking to the dignity and pride of our people. It is something which contributes greatly to the difficulties with which these communities are faced. Among other considerations, it is something which tends to discourage industry from locating in those communities.

Mr. President, it is my honest belief that the passage of the proposed legislation will greatly help to alleviate such conditions. If my own amendment shall not be agreed to, I intend to support S. 1, although I believe my amendment is a better approach to solving the problem.

Mr. BUSH. Mr. President, will the Senator from Pennsylvania yield?

Mr. SCOTT. I yield.

Mr. BUSH. Would the Senator consider modifying his amendment to include therein the section at the end of the bill, which was adopted on S. 1, and which was my amendment providing for the termination of the proposed legislation as of June 30, 1965?

Mr. SCOTT. I will accept such an amendment.

Mr. President, I ask unanimous consent that my amendment may be considered as being modified in that manner.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Second, I ask the Senator from Pennsylvania if he will accept the so-called antipirating amendment which appears in S. 1 at the top of page 46, lines 1 through 8. This is an amendment which is also adopted on S. 1 and has been generally agreed to by almost all Senators who have considered it.

Mr. SCOTT. We in the affected areas do not want to take bread out of the mouths of any employee or any family in the United States. We do not want to transfer employment merely to create unemployment. We want to create new jobs and to keep them filled. Therefore, I will accept the amendment.

Mr. President, I ask unanimous consent that the amendment referred to by the Senator from Connecticut may be incorporated as a part of my amendment offered in the nature of a substitute.

Mr. LONG of Louisiana. Reserving the right to object, I should like the Senator from Connecticut to know that I am according him a privilege which he accorded me after considerable deliberation on yesterday, but I ask that I be given unanimous consent to withdraw my amendment.

Mr. BUSH. I appreciate the Senator's courtesy very much, indeed. I was glad to accord him that courtesy yesterday. I appreciate his reciprocal interest in that respect.

Mr. President, I was about to say that the language of the antipirating amendment should appear in the amendment of the Senator from Pennsylvania on page 7, after line 11. I thank the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I accept the suggestion, and I ask unanimous consent that the modification may so appear in my amendment in the nature of a substitute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCOTT. Mr. President, I now yield 5 minutes to the distinguished senior Senator from New York.

Mr. JAVITS. Mr. President, I intend to support the Scott amendment in the nature of a substitute because I think it does everything that S. 1 does, and I think it has one additional strength which commends itself to me very much: It cuts the provision for the so-called rural areas from \$100 million to \$50 million. I had intended to offer such an amendment, but I think it is just as well incorporated in, and it is in essence, the Scott substitute. So I think that by supporting the Scott amendment in the nature of a substitute, that purpose is adequately served by laying it before the Senate.

The reason why I say that the agricultural or rural area appropriation is twice as great as it really ought to be is that a rural development program is now working in the Department of Agriculture. The most intelligent thing to do would be simply to extend and continue that; that is, to secure more money, if we wish, by appropriation and to let it go on. It is doing very well. Perhaps its only "curse" is that it was developed under the preceding administration. That

commends it to me, and I think would commend it to many Senators on this side of the aisle. We have heard about Senators, including myself, being parochial in the course of debate. That is understandable; it is not received invariably at all.

However, I do not believe anyone else ought to be parochial either, with respect to continuing a good program. This program will be continued in effect because we are allowing the Secretary of Commerce, under the bill, to delegate any part of it to the Secretary of Agriculture. He has already testified that he will delegate this particular aspect of the program to the Department of Agriculture. But what is not cured in S. 1 is the fact that rural areas which are found to be eligible because of their low income have \$100 million allocated to them to participate in the program.

But, in addition, if they qualify under other sections of the bill with relation to a continuous period of unemployment, they may qualify under those, as well.

In short, under Senate bill 1, the rural areas, unlike the urban areas, can qualify not only for their own \$100 million, but also for the \$100 million—which is little enough—allocated to the urban areas. Mr. President, I do not think that is right.

It is for that reason that I discussed the matter in the committee—although I did not see any point in offering the amendment there, because it was obvious what its fate there would be; and it is likewise for that reason that I now support the amendment of the Senator from Pennsylvania [Mr. SCOTT], because on that point his amendment is eminently sound.

Much has been said about rural development. Thirty States now have such projects. The authority for the program exists under the Agricultural Service Extension Act of 1955. In addition, the Small Business Administration, in its report, demonstrates that it, too, has helped very materially—having made \$95 million of loans, itself, in furtherance of this program, also.

It has been widely hailed as an effective and successful program; and I believe that a sum of \$50 million is adequate, considering the fact that these areas can qualify not only as rural areas of low income, but also as areas with persistent underemployment.

Therefore, I hope very much that the Scott substitute, which puts this matter before us in a consolidated way, as a comprehensive plan, will be adopted. I think it does precisely what Senate bill 1 does, in its practical thrust in this area; and it has the advantage of reducing the size of this rural area fund, which I believe is twice as large as it should be.

Mr. KEATING. Mr. President, will my colleague yield to me?

The PRESIDING OFFICER (Mr. Moss in the chair). Does the Senator from New York yield to his colleague?

Mr. JAVITS. I yield.

Mr. KEATING. I wish to join in the remarks my distinguished colleague has made in regard to preferring the Scott substitute to Senate bill 1, as it now is before us.

I was a cosponsor, with the distinguished Senator from Pennsylvania, of this bill, originally. But I believe he has devised a much sounder program, and I shall certainly support his amendment.

Mr. JAVITS. Mr. President, I yield back the remainder of the time available to me.

Mr. SCOTT. Mr. President, I thank both of the distinguished Senators from New York for their support.

I shall reserve the remainder of the time available to me until I address a question to the senior Senator from Illinois [Mr. DOUGLAS]: Does he expect to use any time at this point?

Mr. DOUGLAS. I should like to yield my 5 minutes to the senior Senator from Pennsylvania [Mr. CLARK].

Mr. SCOTT. Before doing so, then, let me say—and then I shall defer to the Senator from Illinois—that I desire to point out that my bill or rather, my amendment in the nature of a substitute, contains one provision which it did not contain in the previous session of Congress; namely, there is now in the bill a provision for retaining subsistence payments—a provision which I believe improves the bill, which I have offered as an amendment.

Mr. President, for the moment I reserve the remainder of the time available to me.

Mr. CLARK. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The senior Senator from Pennsylvania is recognized for 2 minutes.

Mr. CLARK. Mr. President, I oppose, with regret, the amendment of my colleague from Pennsylvania. So does the Governor of Pennsylvania. So do the officials of our State government who are charged with administration of the Pennsylvania Industrial Development Association program and with the handling of the problem of unemployment relief in our Commonwealth.

The pending amendment is a watered-down version of the Douglas bill which we are presently engaged in considering. The pending amendment is a stepped-up version of the Dirksen substitute which the Senate rejected, earlier this afternoon, by a very large vote.

The difficulty with my colleague's amendment is that it is not only too little, but it also comes too late. It comes at a time when I am confident that a majority of the Members of the Senate have determined that they will support the committee bill.

I think it quite unfair to cut in half the loans for rural areas. My State is largely an industrial State, so it will not benefit from the rural area provision. Nevertheless, I believe we should take a national view of this problem; and any one who has studied the record made before the committee must conclude that the need of the rural areas is as great as the need of the urban areas.

The amendment calls for financing by appropriations—a proposal which on yesterday was rejected by the Senate by a vote of 49 to 45; and I do not believe we should now include a provision which the Senate rejected on yesterday.

This amendment would eliminate all grants for public facilities, and would drastically reduce the amount of loans for public utilities.

I wonder what my colleague thinks the effect of his amendment would be on a community such as Barren Hill, Pa., a community with a population of 1,000, a community where all those who formerly had jobs are now on relief. Does my colleague think those persons, now unemployed and on relief, will be able to finance loans in an amount sufficient to bring in the kind of industry which would be able to take those unemployed coal miners out of their misery and return them to payrolls?

I could talk at length in pointing out the inadequacies of the proposed substitute. One can say it is substantially better than the Eisenhower bill. However, certainly it is substantially worse than the administration bill.

Thus, Mr. President, I hope the amendment will be rejected by the Senate.

Mr. SCOTT. Mr. President, I have no further request for time.

I shall conclude by observing that perhaps the very moderation of the approach I propose is evidenced by the fact that my colleague, the senior Senator from Pennsylvania, feels that it is at the same time both stepped-up and watered down.

Incidentally, Mr. President, such a remark provides a very good test of whether such an amendment, proposed in a spirit of moderation, is needed. On the other hand, being a realist, and realizing that those of us on this side of the aisle are outnumbered 2 to 1, and in view of the fact that we already have had an indication of what is likely to be the vote on what I regard as a very sagacious solution of the problem, I shall await the vote here in the Senate.

As for Barren Hill, which my senior colleague has said has a population of 1,000, all unemployed, that community has actually experienced worsening conditions under two successive administrations in Pennsylvania, both of which firmly promised the people of Pennsylvania that they would solve the distressed area problem. Both those administrations assured those who were unemployed that something would be done. However, the lives and the fortunes of the people of Barren Hill have become more barren with the passing of each year of unfulfilled promises by two State administrations; and I do not quite understand how either bill would automatically provide much employment to Barren Hill, unless industry goes there.

I have some question as to the ultimate, overall effectiveness of this entire approach. I support it because I believe we must try our best to provide the aid which is needed in these communities, which are so badly stricken.

But we shall better be able to judge the success of this program about a year after it has been in operation; and then I hope my caveat will be noted; namely, that perhaps not all of the things that have been promised by Senators on both sides of the aisle who are in support of

the various bills and amendments will then have been achieved, perhaps because they are not possible of achievement, perhaps because they are not well administered, perhaps because industry cannot successfully be lured into these areas.

I sincerely hope that is not correct. I sincerely hope the bill will work effectively. I hope the Administrator who is appointed will be a person experienced in problems of distressed areas and chronic unemployment. I hope such an Administrator will not be plucked from the nightclubs of New York City or from the gay white lights of Broadway, but that the Administrator to be selected will be one who, by reason of his experience, his wisdom, his compassion, and his determination to accomplish the job, will satisfy the people of my Commonwealth and of the other communities that the appointment is indeed in the hands of a man who plans to get things done, to get the unemployed back to work, to relieve chronic unemployment. I certainly wish success to the measure which will ultimately go to the President.

I yield back the remainder of my time.

Mr. DOUGLAS. Mr. President, I have listened with interest to the characteristic speech of the Senator from Pennsylvania in which he demonstrates that, with less money, he will give more relief. And since the Senator from Pennsylvania has been characterizing himself as a moderate, I hope he will forgive me if I say he is a "split the difference" Senator. I have proposed the inadequate sum of \$394 million. The administration has proposed \$75 million. Then the Senator from Pennsylvania [Mr. SCOTT] proposes \$214 million—splitting the difference between the two.

In other words, this is a "split the difference" proposal. If the bill cannot be defeated entirely, appropriate only \$75 million. If the \$75 million proposal is defeated, then cut the amount down to \$214 million.

The \$394 million proposed is in itself inadequate. Let us not cut it by a single cent, and let us vote down the amendment by an overwhelming vote.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes, on the Senator's time.

Mr. SCOTT. Since the Senator has characterized me—

Mr. DOUGLAS. As a "split the difference" Senator.

Mr. SCOTT. I heard the Senator quite accurately the first time. I would much rather be a "split-the-difference" Senator than a "split the hair" Senator or a "split the Treasury" Senator.

The Senator from Illinois knows quite well that I favor this type of legislation. I am trying to secure the best legislation I can. And if the Senator from Illinois thinks a Senator is in error in trying to save the people of this country a little money, I suggest to the Senator from Illinois that it is an error which the Senator from Illinois has carefully avoided falling into.

Mr. DOUGLAS. The Senator reminds me of what Mr. Dooley said of Theodore Roosevelt's attack on the trusts:

I am against the trusts; I will smash them; but, on the other hand, not so fast.

[Laughter.]

The PRESIDING OFFICER. Does the Senator yield back his remaining time?

Mr. DOUGLAS. I yield back my remaining time, and I ask for the yeas and nays.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Pennsylvania [Mr. SCOTT] in the nature of a substitute. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Virginia [Mr. BYRD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Virginia [Mr. ROBERTSON], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Minnesota [Mr. MCCARTHY], are absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY], is necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Louisiana [Mr. ELLENDER], the Senator from Virginia [Mr. ROBERTSON], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Texas [Mr. BLAKLEY] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of a death in his family.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The Senator from Indiana [Mr. CAPEHART], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The result was announced—yeas 31, nays 57, as follows:

[No. 14]

YEAS—31

Aiken	Eastland	Mundt
Boggs	Fong	Saltonstall
Bridges	Goldwater	Schoeppel
Bush	Hickenlooper	Scott
Butler	Hruska	Smith, Maine
Carlson	Javits	Stennis
Case, S. Dak.	Keating	Thurmond
Cotton	Kuchel	Wiley
Curtis	Lausche	Williams, Del.
Dirksen	Miller	
Dworshak	Morton	

NAYS—57

Anderson	Gruening	Mansfield
Beall	Hart	McClellan
Bennett	Hartke	McGee
Bible	Hayden	McNamara
Burdick	Hickey	Metcalf
Byrd, W. Va.	Hill	Monroney
Cannon	Holland	Morse
Carroll	Humphrey	Moss
Case, N.J.	Jackson	Muskie
Church	Johnston	Neuberger
Clark	Jordan	Pastore
Cooper	Kefauver	Pell
Dodd	Kerr	Proxmire
Douglas	Long, Mo.	Randolph
Engle	Long, Hawaii	Russell
Ervin	Long, La.	Smathers
Gore	Magnuson	Smith, Mass.

Sparkman
Symington

Talmadge
Williams, N.J.

Yarborough
Young, Ohio

NOT VOTING—12

Allott
Bartlett
Blakley
Byrd, Va.

Capehart
Chavez
Ellender
Fulbright

McCarthy
Prouty
Robertson
Young, N. Dak.

So Mr. SCOTT's amendment in the nature of a substitute for the committee amendment was rejected.

Mr. DOUGLAS. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. PASTORE. Mr. President, I move that that motion be laid on the table.

The motion to lay on the table the motion to reconsider was agreed to.

Mr. BENNETT obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. DIRKSEN. I believe this is a good time to ask for the yeas and nays on final passage of the bill.

The yeas and nays were ordered.

Mr. BUSH. Mr. President, will the Senator from Utah yield to me 2 minutes in order that I may present two amendments?

Mr. BENNETT. The Senator from Utah is happy to accommodate the Senator from Connecticut.

Mr. BUSH. Mr. President, I offer an amendment which I send to the desk, and I ask that the acting majority leader give his attention as it is read.

The PRESIDING OFFICER (Mr. PELL in the chair). The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 44, line 4, in the committee amendment, after the comma it is proposed to insert the following: "the extent to which rural development projects have previously been located in any such area under programs administered by the Department of Agriculture."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut to the committee amendment.

Mr. DOUGLAS. Mr. President, I am very happy to accept the amendment.

Mr. BUSH. With that assurance, may the amendment be put to a vote?

The PRESIDING OFFICER. Do all Senators yield back their time?

Mr. BUSH. I yield back my time.

Mr. DOUGLAS. I yield back my time.

The amendment to the amendment was agreed to.

Mr. BUSH. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from Connecticut.

The LEGISLATIVE CLERK. On page 44, line 16, in the committee amendment, before the period it is proposed to insert a colon and the following:

Provided, That not more than one such project shall be located in any one State unless the Secretary has considered such applications for assistance under this Act as may have come from the several States which apply for such assistance.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Connecticut.

Mr. DOUGLAS. Mr. President, the amendment is in much better form than its progenitor, which was proposed in the committee, and which was then what I called the "Rhode Island red" amendment, because it provided aid to the farming industry of the State of Rhode Island. It did not seem to me there were many farms in Rhode Island which required such care. As I said on a previous occasion, when the present Presiding Officer was in the chair, I do not think there are many "reds" in Rhode Island anyway, and, in the second place, I do not think they need aid. But in its present form I believe the amendment is innocuous and therefore I accept it.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I yield.

Mr. PASTORE. I merely wish to make the observation that if the amendment is such a boon to the State of Rhode Island, I congratulate the manager of the bill for accepting it.

Mr. BUSH. I hope the Senator will not exclude me, the offerer of the amendment in behalf of his State, in his congratulations.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. BENNETT. I yield.

Mr. PASTORE. If such was the intent and motive of the distinguished Senator from Connecticut, I congratulate him also.

Mr. BUSH. I shall also accept the applause of the distinguished Senator from Illinois for the improvement of the amendment.

Mr. DOUGLAS. When the amendment was originally proposed, in a form that assured there must be one for every State, no matter whether it needed aid or not, I referred to the amendment as the "pass the biscuits pappy" amendment. In view of the changes that have been made I withdraw the statement, and if it was uttered, it was uttered in the Pickwickian sense.

Mr. BUSH. I am sure the Senator from Illinois is full of that kind of sense, and I thank him for accepting the amendments.

I yield back my time.

Mr. DOUGLAS. I yield back my time.

The amendment to the amendment was agreed to.

Mr. BENNETT. Mr. President, I call up my amendment 3-13-61, which I ask the clerk to state.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 43, line 1, beginning with the word "Any" it is proposed to strike out all through line 10.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Utah.

Mr. BENNETT. Mr. President, I have called up the amendment, and I wish to discuss it briefly. I shall not ask for the yeas and nays on the amendment. The record on amendments has not been too good in the past few days. However, I do have a 30-minute statement in opposition to the bill, and it seems to me I would probably save time if I attempted to cover both points while I am

on my feet. So it is my intention to talk about 30 minutes on the bill itself and if my colleagues need to return to their offices in order to sign their mail, shave, or obtain some other service, I shall try to see that the vote on final passage is delayed for at least 30 minutes.

Before I begin my formal statement I should like to take a minute to comment on my personal vote on the Dirksen amendment and the Scott amendment. I voted "nay" on both amendments. I think each of them proposed an improvement in the present bill, but I think each of them contains the seeds of the faults to which, in my forthcoming statement, I will ascribe to the bill itself. So in order to be consistent, I had to vote against both proposed amendments because in effect they were simply variations of the bill.

I oppose S. 1, as I opposed S. 722 last year, and welcome the opportunity to explain why.

I do not oppose the objective of the bill, which is to solve the problem of chronic unemployment. I do not deny that the problem exists—and cries out for a solution.

I differ with the bill's supporters in a way that I think is significant. With tears and charts, they seek to prove the existence of the problem, and then take it for granted that this bill will solve it. I admit the existence of the problem, and having put this bill to the test of reason and experience, have come to the conclusion that the bill will not solve it. Because of this difference, they say I am heartless, but in return I may say they are cruel, because they raise false hopes.

Because it is easier to be emotional than to face facts, I am sure the bill will pass, but I am equally sure that it will fail, and I want the record to show why I believe this.

The problem of chronic and persistent unemployment is one of our most serious national problems, not only in terms of its bad economic effects, but particularly in terms of human suffering, and the deterioration of human values and resources. Therefore, my chief objection to the bill is that it will not produce the results its advocates anticipate, and that having passed it under the illusion that it will, we will not look further for the real answer.

The main programs in the bill will require more than a year to bring forth even the most meager results that might follow under even the most hopeful circumstances. And this delay will add frustration to the existing misery. The Senator from Illinois [Mr. DOUGLAS], acknowledging that the bill's effects will be small, likes to quote the Chinese philosopher, Lao-tse, to the effect that a journey of a thousand miles begins with one step, and says this bill is that step. I am neither Chinese nor a philosopher, but I know that if that first step starts out in the wrong direction, we must travel more than the original thousand miles to reach our goal—if we ever do.

I think the step this bill takes is leading us in the wrong direction. Here are some of my reasons:

First, it fails to implement its basic objective, which in itself is inadequate, being merely to alleviate conditions of chronic and persistent unemployment and underemployment of certain economically depressed areas.

What should our basic objective be? We are not interested in alleviating unemployment. Rather, we should seek to discover the range of situations and conditions that have contributed to this chronic unemployment in order that we can develop cooperative efforts to cure them. If that is our goal, we must look at the specific problems of each community. If we do this, we may find many broad, common problems that run through the whole pattern, but in each community there will probably be a different mix and each will require a different program for a cure.

If the cure is our objective, we ought to start at the community level and reach out from there for cooperative assistance from community leaders, entrepreneurs, investors, labor leaders, educators, State and local governments, and finally, perhaps, specific existing services of the Federal Government.

But the pending bill starts with the Federal Government and reaches down. It assumes that all unemployment is alike, and can be cured with a general Federal program, regardless of the local situation or the specific cause of the distress.

It prescribes a painkiller—like aspirin—without being concerned whether the pain is caused by an incurable cancer or a hangover. And finally, the programs it offers, the painkillers it prescribes, are for the most part already available and have already been used for years. Instead of offering a great new program, we are in fact injecting Federal power and Federal taxpayers' money into programs that have been available for a long time—either from private sources or through local units of Government. And, since the problem of chronic and persistent unemployment continues, there is no reason to believe that the pending bill, which really takes no new step, will solve them now.

In fact—and this is the second proof of the wrong direction—rather than helping the situation, Federal intervention will interject new problems. What are some of these?

First, it sets up new forms of discrimination. It will increase the burden on all Federal taxpayers for the benefit of a few communities. The bill itself authorizes an expenditure of approximately \$400 million, but its administrative cost under the Department of Commerce, so far as I know, has never been estimated.

Furthermore, the benefits available to depressed industrial areas under the definitions of the bill will be limited to a few States. The remaining States must contribute without sharing, and my State of Utah is one of these.

Since the criteria for rural development are not clearly spelled out, no one knows how this money will be divided.

The bill will discriminate among the unemployed themselves. This I have

discussed in detail on page 57 of the committee report. Here I shall just summarize by saying that of 648,000 unemployed in the depressed areas which qualify under the bill, only about 38,500, or 1 out of 17, could get a job if this bill were completely successful. Of course, there is the further obvious discrimination that even these potential beneficiaries represent only 1 out of 136 unemployed persons in the United States.

This bill threatens our free enterprise system. It runs counter to the precepts of what is still essentially a private market mechanism, operating within a dynamic and growing economy.

The strength of the United States to a great degree is attributable to the fluidity of its resources among areas that can use them most efficiently. This has always been an essential strength of our political system—that it permitted these adjustments. And the pending bill would threaten to destroy that adjustment mechanism.

Our economy has grown strong because throughout our history the location of industrial establishments has been related to the basic economic considerations involved—good markets, availability of transportation, the labor supply, the accessibility to raw materials in the area, and the existence of a healthy business climate, and so forth. To substitute an artificially created, Government-sponsored program to induce industries to locate in areas which are intrinsically unsuited for them, purely on the ground that these areas are unable to compete on purely economic grounds, is to throw a monkey wrench into the economic machine.

Once Congress establishes the principle that the Federal Government should direct industrial expansion into selected areas, there will be powerful political pressures to fulfill the commitment to these areas.

If initial plant-location inducements do not prove adequate to carry out the commitment, greater inducements will undoubtedly be proposed to Congress. And political pressures to provide them may well be irresistible.

The bill is unnecessary because all the services it provides are already available through private sources, local governments, or existing Federal agencies in ways which are equally effective or can be made so by slight modifications.

The bill sets up four major programs:

First. Commercial and industrial loans for buildings in urban depressed areas.

Second. Commercial and industrial loans for rural areas.

Third. Public facility loans and grants.

Fourth. Vocational training and retraining.

In each case, either the program is essentially a duplication of an existing program, or it will not solve the problem which created the unemployment in the first place.

Sections 5 and 6 of the bill describe the so-called "redevelopment areas" and set forth a program under which the Federal Government will lend up to 65 percent of the capital needed to build buildings and "in case of demonstrated need"

purchase machinery to aid in providing employment opportunities in the areas.

Looking at the specific provisions of the bill, I should like to comment on some of its obvious weaknesses in these programs.

1. THE CRITERIA

Criteria under the bill are set up statistically and while the bill says they must exclude "unemployment due primarily to temporary or seasonal factors," they do not do so, because they are based on a sampling statistical technique and make no attempt to analyze the kind or duration of unemployment involved. This failure is made obvious by the monthly fluctuations of the numbers, as a result of which some cities near the breaking point move in and out of eligibility.

After setting up the criteria, the bill in section 5(b) gives the Administrator the right to ignore them on a very general finding of need—which might turn out to be a political need. Section 5(b) is generally considered to be the section relating to rural areas. We do not find the word "rural" until we reach the bottom of page 43. However, section 5(b) begins:

The Administrator shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment.

In my opinion, this opens the door wide to the Administrator to ignore the criteria contained in section 5(a), and permits him to include in the program almost any area.

There is another subsection of section 5 which affects this situation, and I shall comment on that a little later.

Now I should like to talk about the program.

2. THE PROGRAM

The program which the bill creates by these sections is in fact a financial subsidy or inducement to business to locate in an eligible community. The extent of this subsidy, when it is boiled down, is the possible difference between the interest rate on loans, under this bill, roughly $4\frac{3}{8}$ percent, and the cost of money through other means. On this phase of the program I have these comments:

(a) It will not create jobs. If merely building buildings would do so, we need never have any unemployment. Rather the reverse is true. Job-generating new ideas, new products, new services, and new markets come first and then the factory buildings will be built, or empty ones filled, or full ones expanded. But it is necessary, first, to have the jobs before the buildings.

(b) The program is not necessary. There was no positive testimony in the hearings to the effect that money is not available in depressed areas to finance the location of good prospects; indeed, there was much evidence to the contrary.

(c) As an economic incentive, this proposal is very weak. Money can be

and has been raised by the sale of tax-free community revenue bonds at interest rates equal to or lower than those available under this bill, and there is a ready market for these bonds which can now be issued in 15 States; and, by changes in State laws, could be available everywhere. Even if we look to other private sources without the tax-exempt advantages of revenue bonds, this subsidy would be worth considerably less than 1 percent of the cost of production in manufacturing, since you are only reducing building financing cost by only one-third and these represent only 2 percent of the costs of production in manufacturing.

(d) There are between 10,000 and 15,000 private and local public agencies already working to persuade business to locate in their communities, and in 1957 they spent an estimated \$30 million just on sales efforts alone.

To show how widespread this practice is, I have some samples of the literature which is now being produced to try to persuade businessmen to move into specific States or communities. So far as I know, the bill would not provide a single dollar which could be used for this purpose.

I have before me a Massachusetts book, a Pennsylvania book, and an Illinois book.

Another example is a very beautiful book prepared by the State of Kentucky, which has distressed areas.

Another magnificent book is entitled "The Immutable Images of Oklahoma." This is the kind of material which is now being prepared and distributed at a cost, including the sales effort to support it, of some \$30 million a year. Yet such promotional methods have not been successful in locating industries in depressed areas in many of the States which are now spending that money.

I listened to the senior Senator from Pennsylvania argue with his junior colleague. Pennsylvania has a very excellent program, probably as good as any in the United States. The man in charge of that program testified that it was possible to persuade only 28 percent of the prospects to go into depressed areas; the other 72 percent preferred to go into areas where there was no problem of great unemployment.

The bill provides no funds for sales promotion of communities, unless the funds set up for technical assistance under section 22 can be so used. But these funds total only \$4½ million for all technical assistance of all types, including sales promotion, if such does qualify. The bill is not clear on this. This is a far cry from the \$30 million spent by existing development groups exclusively for this function.

(e) The \$200 million for industrial loans in urban and rural areas set up by the bill is a drop in the bucket compared with what private business spends for plant and equipment without such a bill. In the recession year of 1958, this was \$9 billion in manufacturing industries, and \$29 billion in all industries—145 times greater than the bill proposes. Six billion dollars of this went for buildings alone in 1958, 30 times the amount

proposed by the bill for this restricted purpose.

(f) But even if the \$200 million were spent, it would probably be ineffectual for two reasons:

First. Several States are already offering greater inducements than this bill could create, including local tax and other concessions.

Second. Those people who work professionally in the field of selling communities as locations to industry generally agree that there are other values which are much more persuasive than subsidized rent. I obtained specific lists from 47 of the 50 States, and they are summarized on page 55 of the committee report. With respect to the cost of rent, only one placed it as high as fourth. Nearly all of the replies placed it at or near the bottom of the list and added the comment that rent was of relatively minor importance.

Yet all the bill would do would be to provide subsidized loans equal to approximately 1 percent of the total cost of manufacturing.

(g) The bill fails as an immediate program to alleviate unemployment because it takes from 9 to 18 months to locate and persuade a prospect, in addition to the time to construct the building. Many persons are hoping that as soon as the bill is passed, jobs will begin to spring up in the depressed areas. A year, perhaps 2 years, under the most favorable circumstances, will have passed before the meager effects of the bill can be felt.

(h) Because of the other programs now operating, interjection of this Federal program may have three undesirable effects:

First. It may attract only the less-desirable and more risky enterprises which have a low survival rate and create only temporary jobs. Some such mortality has happened in many depressed communities already.

Second. Since the program cannot create new jobs or increase the number of prospects, it will simply replace money which would have come from other sources without having changed a single management decision or location, and thus, taxpayers' money will be down the drain, so to speak. I feel certain that much of the support from the people in the States which already have active programs for this purpose is that they hope Federal money will come in and enable them to save some of the money which is now being spent at the State level.

But, Mr. President, even more serious than that, this measure is a first, faint step into Federalized manufacturing facilities.

Third. Since the bill sets up a new bureaucracy, the cost per job located will be very high.

(i) Section 20 of the bill requires the revelation to the public of certain basic facts about a company which applies for a loan under this bill—including the amount of the loan, its purpose, and the security offered. In the case of private loans, made from private sources, this information is kept in confidence. Few businesses with good credit would want

to make their program public, just to save a fraction of the interest cost.

Turning now to the application of this proposed law to rural redevelopment areas, as found in subsection 5(b), all of the above objections apply, plus these additional criticisms.

The criteria under subsection 5(b) are so loose as to invite political pressures. Every rural community in the United States that dreams of becoming an industrial center can apply; and this is particularly true for low-income, low-cost-of-living areas in the South and in the Southwest.

Except for the loan feature, which, as I have indicated, is not very significant, the provisions of this section are closely related to the rural development program started under the Eisenhower administration in the Department of Agriculture. If that program needs beefing up, why not do so? If we have both, Gresham's law will operate, and one will be ignored.

The Senator from New York [Mr. JAVITS] has made the point that if we have two programs, one for general redevelopment areas meeting certain specified unemployment ratios, and another specifically for rural communities, the rural communities can probably claim under both, and thus have an advantage over the larger cities. This is worth considering as another weakness of this subsection.

Now we come to the third phase of the bill. Section 7 provides for \$100 million in loans for public facilities for commercial and industrial purposes, and section 8 for \$75 million of Federal grants for the same purposes.

The reasons why the public facility loan provisions are not necessary are, to me, obvious:

First. Most communities can issue tax-exempt bonds, general or revenue, at lower interest rates.

Second. Those who wish to do so can use the existing law under which such loans are available through the Housing and Home Finance Agency, which already has a staff set up to provide this service.

Third. If it is agreed that loans under this section would be turned over to the Housing and Home Finance Agency to administer, I would observe that if an agency has two loan programs of different values, then the most advantageous and the cheapest one will be used, and the other will be neglected. Therefore, Mr. President, why not have only one, in the first place?

Fourth. If it is argued that the bill would authorize a type of loan that the Housing and Home Finance Agency cannot now provide, then certainly it would be simpler to amend the Housing and Home Finance Agency law, rather than to make a new one.

Section 8 provides for grants for public facility projects. This breaks through into a new area of Federal handouts. Under the present law, grants are available for planning community facilities. This proposed law would make them available for actual construction of such projects, on the weak and general criterion that "there is little probability

that such a project can be undertaken without the grant." Can one think of any community which could not develop a real case, under this rule—in short, that without this grant, it could not provide the service? If we ever begin on grants for public facilities, who will apply for loans? This is another serious breach in the wall that separates Washington from the local community.

This brings us to the fourth general phase, represented by sections 16 and 17. These sections involve training and retraining for new jobs, either after an industry relocates, or before. This is one area on which I think Federal leadership and participation can be helpful. But I think this program is of such great importance that it requires a bill of its own. This is an area in which the Banking and Currency Committee lacks jurisdiction. The problem of developing a program of vocational education for unemployed adults belongs to the Committee on Labor and Public Welfare. It needs very serious study, in which not only the congressional committees, but also the Department of Health, Education, and Welfare, the U.S. Office of Education, and the several States should participate. Some interesting pilot programs have been operating in West Virginia and Kentucky; and some excellent ideas that have grown out of that experience are contained in a brochure, written by David L. Francis, mayor of Huntington, W. Va., entitled "Solving a Critical Human Problem." I recommend its reading to every Senator, and ask that a certain section which I have marked be printed at this point in the RECORD, as a part of my remarks.

The PRESIDING OFFICER (Mr. PELL in the chair). Without objection, it is so ordered.

The excerpts from the article are as follows:

STEPS NECESSARY TO IMPLEMENT PROPOSALS FOR VOCATIONAL TRAINING IN REPORT ENTITLED "SOLVING A CRITICAL HUMAN PROBLEM"

The programs outlined by legislation now pending—bringing new industry and jobs into distressed areas—may take many months or years to reach down to the level of the man who is now actually unemployed. Therefore, outmigration on a carefully planned basis is a necessary part of this program to give immediate relief. The following four steps are necessary to fulfill such a program.

1. Counseling by employer or termination of employee's job and reference by employer to the counseling service of the U.S. Employment Service office. If the unemployed person has been without work for an extended period, the U.S. Employment Service counselor should provide aptitude tests and guidance as needed.

2. The U.S. Employment Service counselor should review the applicant's aptitude tests, determine where he is qualified to work, and then review with him the jobs available locally or elsewhere. If employment can be found locally, the problem is solved at that point. If not, the counselor should determine the financial ability of the applicant to travel to an area offering potential employment to him.

3. If the applicant cannot find a job locally or is not qualified for employment outside the area, the counselor should determine whether vocational training will properly retrain him for a job locally or to relocate

in another area. If the applicant has sufficient finances to attend training school on his own, the counselor should so recommend. If not, the counselor should work out the financial assistance necessary (new legislation will be required to give this assistance), and the applicant should be encouraged to avail himself to such retraining.

4. On completion of the retraining course, counselor should again consult with applicant and provide detailed assistance in securing employment within the area or without. This may require a loan to the applicant to enable him to travel to an area of potential employment and ultimately relocate his family there.

It is recognized that capital expenditures will be required either to expand existing vocational schools or construct new ones. The pattern for such schools has already been developed in both Kentucky and West Virginia.

Such a program, handled primarily on the evening shift in vocational schools, could process several thousand unemployed workers in West Virginia and eastern Kentucky and, over a 3-year period, could eliminate at least 50 percent of the labor surplus in those States. It is doubtful that the program now in the legislative hopper could give the same results in a 6-year period, if ever.

A secondary aspect of this training program is the fact that neither West Virginia nor Kentucky is currently providing sufficient vocational training to high school students, particularly those who do not plan to attend college. As a result, these young people are graduating from high school without proper training to seek gainful employment. Thus such a program as outlined herein, when it has completed its primary objective, could be merged into an expanded training program for high school students which would better prepare them for gainful employment upon graduation from high school.

CITY OF HUNTINGTON,

Huntington, W. Va., February 9, 1961.

To Interested Parties:

Herewith is final draft of my report "Solving a Critical Human Problem," the previous draft of which was mailed to some 600 educators, legislators, businessmen, and members of the press and communications media. Many favorable editorial comments have been made on this draft, and a number of constructive suggestions received have been incorporated in this final draft.

Vocational training as a solution to unemployment is not a new idea, but has never been used in sufficient volume to more than prove it can be done. The distressed area problem has increased to the extent that corrective measures of equal size are needed.

No mention has been made as to sources of revenue to finance this program, except in one instance, because it is generally beyond the province of this study. The decision as to where financing should originate should be made within the State legislatures as well as in Washington.

If this report is to be of any use, it must be seriously considered and acted upon by both our National and State legislators. Your active support toward that end is respectfully requested.

Sincerely yours,

DAVID L. FRANCIS.

SOLVING A CRITICAL HUMAN PROBLEM—A PROPOSAL TO IMPROVE JOB OPPORTUNITIES FOR DEPRESSED AREA UNEMPLOYED IN WEST VIRGINIA AND IN EASTERN KENTUCKY

(By David L. Francis, mayor, city of Huntington, W. Va.)

INTRODUCTION

The magnitude of the West Virginia-eastern Kentucky unemployment problem is

critically large and therefore requires corrective action of equal size.

Number of unemployed

	January 1961	January 1960	Increase since January 1960
West Virginia.....	85,000	60,000	25,000
Eastern Kentucky.....	45,000	40,000	5,000

Number receiving unemployment compensation, January 1961

West Virginia.....	40,000
Eastern Kentucky.....	13,000

It is to be noted that not included above are several thousand persons who have exhausted the unemployment benefits or who are on direct public assistance. The number of people receiving surplus food on a regular basis totals 300,000 in West Virginia and 175,000 in eastern Kentucky.

Out of a population of 1,860,000 West Virginia's 523,000 work force (excluding agriculture workers) has 16.5 percent unemployed (85,000). Eastern Kentucky, with a 120,000 nonagriculture workforce, has 45,000 unemployed (37 percent) out of a total population of 668,000.

There is no one single solution to the distressed area problem in our mountain States and unfortunately, most of the solutions suggested by fact-finding committees and legislators are of a pump-priming nature—such as road or other public works programs, extension of unemployment compensation, and improvement of food distribution. All of these are temporary stimulants which when turned off allow the area to drop back to its original distressed condition. Nor do they always reach down to the person who is unemployed and really needs the help. A second form of solution is the effort to bring new industries into a distressed area by such aids as special subsidies, moratoriums on depreciation rates and taxes. At best, this has proved to be slow and an uncertain process. Now conditions are so critical that it is time for a new type program to be effected.

The only really broad solution that the writer has found to provide both an immediate and long-range cure for the unemployment problem in our distressed areas is through a crash program of vocational training which would annually teach in West Virginia 15,000 and in Eastern Kentucky 10,000 unemployed workers a basic vocation that will enable them to accept jobs either within their local community or in other parts of the country. These unemployed must be made vocationally mobile so that they can properly seek employment in areas where job opportunities are available.

Such training programs are already successfully in effect in West Virginia and in Eastern Kentucky and, if expanded, they can provide a solution. These programs are not now of sufficient size or capacity to meet the problem. To date these schools have only proved that they can be a solution to the unemployment problem. Later, this report will go into detail as to what has been accomplished, and how vocational schools can be developed into a crash program to care for a large portion of our unemployed.

In summary, the vocational training program proposed herein involves four major steps, as follows:

1. In West Virginia, establish a series of major vocational training schools, such as the Huntington East High Training School, which can adequately process 1,600 unemployed students per year. We now have such schools in Parkersburg, Wheeling, Huntington, Charleston, and Welch. But additional schools or expansion of existing schools are needed in Bluefield, Beckley, Weirton, Fairmont, Martinsburg, Keyser, and Elkins.

West Virginia now has 25 satellite vocational training schools surrounding these large schools. These need expanding and still more are needed to operate in conjunction with the local high schools. These schools, because of their size, would not have the facilities and equipment of the central schools, but they would provide the high school student with his first-year familiarization courses and the unemployed with orientation and with the courses not requiring specialized equipment.

In eastern Kentucky, the plan now in operation at the Mayo State Vocational School at Paintsville would be stepped up and this central school plant expanded to process 2,000 unemployed students annually. At the same time the program for development of 10 new vocational training extension centers in strategic counties in eastern Kentucky would be accelerated. The parent schools in Hazard, Harlan, Somerset, and Ashland would, like Paintsville's, be enlarged.

Thus, to get this plan in full bloom, capital expenditures for land, buildings, and equipment would have to be appropriated immediately. The plans for this program have already been developed by the two States. This, in effect, would be a public works program of lasting value by its leaving permanent facilities to carry on this very important training.

2. Provide sufficient funds for teachers' salaries and the operation and maintenance of this crash program.

3. Arrange the curriculum of the schools so that sessions are double-shifted. During the first shift high school students would be trained as they are at present. On the evening shift, as a general practice, the older men and women would be rehabilitated and trained in a vocation. It has been proved that students are more rapidly and easily trained if they are grouped within their own age bracket. Currently the East Huntington High Trades School is training some 350 high school students on the day shift and an equal number of men and women, age 45 or over, on the evening shift.

Over a period of years records show that these vocationally trained groups have a high rate of employment. Their services are usually sought to the extent that placement bureau services are seldom needed. Even now many of these graduates are being absorbed by the labor market.

4. In the case of both the high school and unemployed adult student who cannot afford to attend school because of economic reasons, a system of scholarships, grants, and loans should be established to provide school costs and subsistence while in school. Upon graduation, if it is necessary for the student to leave the area, sufficient funds should be provided for moving and at least 1 month's subsistence in the new area where the student relocates.

THE FREE FLOW OF POPULATION

The gross loss in population for the 1950 decade far exceeds the net losses shown by the 1960 census for West Virginia and eastern Kentucky. When the natural increases are added to the totals, population actually declined 459,000 in West Virginia and 265,000 in eastern Kentucky. If large numbers of people had not been able to relocate themselves in other areas, the distressed situation would have been greatly compounded.

The citizens of these two areas have been solving their own problems by having the initiative to move to another area. Many of these workers saw the evidence of job decline or they found better job opportunities in booming areas. Many were young people who had to move because of lack of opportunities. But now jobs in other areas are more difficult to secure unless one has special qualifications. This movement of population from one area to another is as old as history and is constantly in progress.

Several observers believe that the speeding up of this outmigration from the distressed areas is the only rapid solution to labor surpluses.

A careful but rapidly expanded vocational program for both high school students and retrainable unemployed will make larger segments of our population in these areas more mobile in their job seeking and will also have the important effect of making them better trained citizens who can more easily adapt themselves into the living pattern of a new location.

WHAT THE TWO STATES ARE ACCOMPLISHING

West Virginia is currently graduating from vocational schools some 10,000 high school students, 6,000 employed students who are upgrading themselves, and about 1,500 unemployed students per year.

Eastern Kentucky is graduating from vocational schools some 3,000 high school students, 2,000 employed students who are upgrading themselves, and about 800 unemployed students per year.

ACCOMPLISHMENTS EXPECTED FROM CRASH PROGRAM

Educators in West Virginia estimate that if the vocational education expansion program as outlined below is carried out, 15,000 unemployed can be trained annually. In eastern Kentucky, if a similar program is carried out in expansion of vocational schools, 10,000 unemployed can be retrained annually for useful jobs in industry. See appendix C.

Analysis by educators reveals that nearly 50 percent of our unemployed are retrainable in vocational schools. The remainder are not eligible or interested because of such factors as a lack of basic education, physical handicaps, health, or a lack of desire for self-improvement. Existing programs in West Virginia and in eastern Kentucky for the rehabilitation of physically handicapped persons are excellent, but do need larger support to serve the number who need this help. Rehabilitation of these people, however, is not a part of this report.

On the premise of nearly 50 percent of the unemployed there are 35,000 fairly good training prospects in West Virginia and 20,000 in eastern Kentucky to be planned for. Assuming that unemployment does not increase in either State, most of this group within 3 years could be retrained and qualified for relocation, if necessary, in other areas as useful citizens gainfully employed.

An immediate start can be made with the program through the use of existing facilities. By scheduling multiple shifts, present buildings, equipment and classrooms can serve until new and expanded facilities are constructed.

The school facilities that would be constructed to care for this expanded program would continue to be used when unemployment surpluses are eliminated. Normal growth in the number of high school students taking vocational education would easily take up the expanded facilities.

FUNDS REQUIRED TO IMPLEMENT PROGRAM

Inasmuch as West Virginia has more available present facilities than does eastern Kentucky to absorb additional student load, the capital costs are slightly more for eastern Kentucky.

Purpose	West Virginia	Eastern Kentucky
Land and buildings.....	\$2,200,000	\$2,800,000
Equipment for new shops.....	2,750,000	3,500,000
Total capital cost.....	4,950,000	6,300,000
Annual operating costs.....	8,250,000	5,500,000

These funds are over and above that already appropriated for normal growth requirements.

West Virginia has had no recent capital funds from State money for building construction. Some growth needs and new facilities have been paid for by the counties. Equipment has been provided by diverting a small percentage of operating funds. Kentucky has a program for the next 2 years to erect new buildings throughout the State at a cost of 4 to 5 million dollars of State funds plus another half million dollars of county funds to be added to the program. The State will spend \$2 million to equip these buildings. These expenditures are for normal growth requirements and do not provide in promptness or size the facilities which would be required to service large additional groups of unemployed now.

THE FINANCING OF THE UNEMPLOYED AND NEEDY HIGH SCHOOL STUDENTS THROUGH VOCATIONAL SCHOOLS

Experience has proved in the past year in West Virginia that no large quantity of unemployed will take advantage of present vocational facilities unless adequate financing is provided for subsistence. It has also been brought to light that many high school students do not have sufficient funds to complete their educational program, whether vocational or high school, and these young people also require careful consideration. A procedure to provide for both of these groups is outlined below.

The area offices of Employment Security should expand their excellent counseling, aptitude testing and referral procedures to assure that all retrainable unemployed are directed to vocations that are needed and that are within the applicant's ability. The counselor would advise the unemployed of the nearest location of vocational schools and the courses available; then work out with him his financial situation. If the person is newly unemployed, a sufficient grant over and above the unemployment insurance would be provided for the duration of the course. He would also be advised of the source of surplus foods. In the case of those unemployed who are no longer drawing compensation, or who have not been eligible for compensation, a larger grant by necessity would have to be made.

There is a need to provide enough additional subsistence to assure that an unemployed family man can be able to begin and complete a course in vocational training. The unemployment benefit is not quite enough to meet this need. The pattern of the original education plan for World War II veterans appears to be applicable. School costs are paid direct to the institution and the student receives a subsistence allowance. A maximum period of 22 weeks of training is sufficient for the adult unemployed.

A maximum of \$50 per week subsistence (including unemployment pay benefits) will better enable a student to complete his training. Unemployment weekly maximum payments are \$30 and \$37, respectively, in West Virginia and Kentucky.

The annual number of 15,000 West Virginia unemployed prospects for training, visualized in this report, would receive maximum supplemental subsistence funds as follows:

Unemployment benefit pay now averages \$22 per week in West Virginia.

If all 15,000 trainees received an additional \$28 per week for 22 weeks, a total of \$9.2 million would be required.

For eastern Kentucky the maximum supplemental payments for 10,000 trainees would be \$4.8 million annually.

In the case of the student of high school age who is without means to continue on with vocational training, a counseling service within the school system itself should be established and funds up to \$550 per student provided for these people to continue with their education.

Upon graduation from the vocational training school, counseling service both within the school system and the Office of Economic Security should be available to advise the graduates of the availability of jobs in various parts of our country. If prospects of jobs can be located, loans up to \$600 should be made where needed to those who do not have adequate finances for them to go and secure the job, and to transport their families to the new location. At least 1 month's subsistence should be made available in a loan form to these people so that they may become settled in the new area.

Almost every analysis of the Appalachian region's unemployed includes a statement of need for elevating the average level of education. Such an improvement, says the consensus, would upgrade an important evaluation point used by prospective industry in making a site selection and would improve the chances of the region's people to obtain employment.

Typical is the comment of Harvey S. Perloff in his article "Lagging Sectors and Regions of the American Economy." "I would put at the top of the list an intensive effort to improve education in the depressed areas, to prepare young persons for a lifetime of skilled, productive work. Compared to other governmental measures that have been proposed, public investment in education promises the greatest relative returns."

None of the previous studies, however, have come to grips with the specifics of this distressed area unemployment. Detailed plans for correction and statements of cost of what would be entailed to train these unemployed have not heretofore been presented. We submit that the current situation is sufficiently critical to demand detailed planning by legislators and action that can effectively bring this unemployment down to a minimum number. It is with this intent that the foregoing is respectfully proposed.

APPENDIX C

The specific vocational courses that would be offered unemployed adults for retraining would be determined through a collaborative plan, functioning between the Department of Vocational Education and the Office of Economic Security.

Initial screening of qualified applicants is done by Economic Security. This Office also states to the vocational educators the type of jobs that offer the best employment prospects at home or elsewhere.

Job skill demands change often. For adults, however, the educators believe that the vocations of automobile mechanics, automobile body repair, electrical repair, building trades, building custodian, stenographic work, and practical nursing offer more regular opportunity. When changes occur in the market demand for job skills, almost any combination of the following courses could be offered by the schools: automobile mechanics; automobile body repair; mine machinery repair; machine tool operator; refrigeration mechanics; power sewing machine operator; carpentry; machine shop; electrical repair; welding; upholstery; building trades; building custodian, janitorial service; shorthand, typing, bookkeeping; practical nursing.

Mr. BENNETT. Mr. President, both this bill and Mayor Francis, in his brochure, raise the question of payments of unemployment compensation during vocational training. This proposed change in the unemployment compensation pattern would affect the laws of all the States, and in itself is in the jurisdiction of the Finance Committee, which today spent most of the time working on a bill in this area.

To summarize my point of view on these training sections, I believe they contain the only really worthwhile ideas in the bill. They deserve and require greater study, in which the States have every right to participate. I think the vocational training proposals in this bill, while worthy in objective, are premature, inadequately conceived, and beyond the jurisdiction of the Banking and Currency Committee. If the bill is passed, I hope implementations of these sections can be held up, pending completion of a full study, full consultation with the States, and the introduction of new bills which can be handled by the appropriate committees.

Mr. President, as the final part of this statement against the bill I wish to comment on several miscellaneous proposals it contains.

The bill provides for direct Treasury borrowing up to \$300 million.

We have already been over that road. I join Senator ROBERTSON in believing it is unsound in principle. I am sorry that Senator ROBERTSON's amendment was not adopted.

Second. Mr. President, in my opinion the criteria are too general and the power of the administrator too great to avoid political pressures and inevitable political favoritism.

Third. Subsection 5(d) is so general that, under it, the whole United States could be designated as a redevelopment area. I know that is unlikely; but the discussion in the hearings gave evidence that the proponents of the bill were thinking in terms of vast multi-State regions which contain many prosperous communities which could become, by definition, redevelopment areas. This section is simply an amplified restatement of subsection 5(b), which virtually gives the administration even greater right to open the door wide.

Fourth. By including the words "or commercial" on line 22 of subsection 6(a), we abandoned any practical limitation on the use to which the money available under the bill might be put.

Fifth. Mr. President, with a bow to my friend the Senator from Connecticut, I state that in my opinion the anti-pirating language is better than in the original version, but there are no specific penalties that apply here, and it is still unenforceable.

Sixth. The position of the Federal Government as a creditor, as set forth in subsection 6(b) 9(D), is better than it was before the Banking Committee wrestled with it, but it is still very weak, as the Senator from Arkansas [Mr. McCLELLAN] pointed out earlier this afternoon. Uncle Sam may well end up owning a lot of secondhand empty buildings in so-called distressed areas.

Sections 14 and 15, dealing with urban renewal and urban planning grants, make this bill a strange hybrid. I do not think any member of the committee will claim to understand these sections thoroughly. To me, these sections seem to be an attempt to use the benefits under this bill to augment those available under the urban renewal program, and provide funds to those who acquire prop-

erty for private commercial or industrial development under that program. This is even a greater privilege than is available in the commercial and industrial factory loan programs, where money can only be used for buildings and machinery. So far as I know, there was no testimony on these sections in the hearings and I hope they will be taken out of this bill and considered when we discuss the urban renewal program in connection with housing legislation.

I realize that is not going to be done, but I think this section of the bill should have been handled in that way.

Section 21 puts in the traditional Davis-Bacon feature, which will make it impractical, if not impossible, to use the local unemployed to help build the buildings that are supposed later to bring jobs into the community. The great "untouchable" factor in this whole problem of chronic and persistent unemployment is the role of the policies of organized labor in creating and maintaining this sad condition. I hope the new Secretary of Labor will face up to this realistically in his work with the new advisory committee on unemployment.

To summarize, to me, this is a bad bill—bad because it raises hopes that cannot be realized; bad because it ignores the real causes of trouble at the local level; bad because most of its proposed solutions duplicate existing programs; and bad because it injects the Federal Government into competition with the States, the communities, and with private citizens. The only feature of the bill which does not produce competition or overlapping is the training feature. This feature offers real hope, and I support it, but it needs more careful development through cooperation with State and Federal agencies and with committees of Congress having appropriate jurisdiction. I think this should be handled in a separate bill.

I recognize that the bill has a lot of steam behind it developed by both official administrative policy and by surcharged emotion. But the only jobs we can really count on this bill to create are in the new agency it sets up in the Department of Commerce.

In conclusion, I should like to read a brief editorial from the Wall Street Journal of March 7, 1961, which illustrates the underlying fallacy of this type of legislation:

The Census Bureau has reported that Peacock, Tex., and Eureka and Ophir, Colo., all have one thing in common: A population of zero.

These villages were turned into ghost towns when the local economic mainstay—either mine or mill—was closed down. There was no more work so everybody just packed up and left.

Well, here would seem to be a perfect case for Federal aid to depressed areas. What, after all, could be more depressed than a town without people? One might say that in such a place the standard of living had hit an all-time low.

But it needn't have turned out this way. If the former residents of these hard-hit communities had been resourceful enough to call for help from Washington instead of seeking their own new frontiers, they might still be living in Peacock, Eureka, and Ophir.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point my individual views from pages 50 through 59 of the committee report. This material backs up the statements I have made.

There being no objection, the views were ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF MR. BENNETT

I do not deny the existence of serious chronic unemployment in certain areas, but I am opposed to S. 1. I have taken this position after a careful study of the hearings and of other materials relating to this problem. I am convinced that this bill is fundamentally wrong in its approach. Briefly, I am opposed to this bill because—

(1) Nothing in this bill will create new jobs. It can only hope to influence the decision to locate jobs in a particular community.

(2) The problem can be met more effectively under existing programs.

(3) This program, if adopted, will not be successful.

A. The economic inducement is too small.
B. Other factors are more appealing.

(4) This program is discriminatory and impractical.

(5) This bill threatens our free enterprise system.

1. THIS BILL WILL NOT CREATE NEW JOBS

Empty buildings will not create job opportunities. If so, why are there often both unemployed workers and empty buildings existing together in the same depressed communities? For example, the Massachusetts Department of Commerce reports the following manufacturing space available for sale or lease in areas now listed by the Labor Department as depressed:

	<i>Square feet</i>
Fall River.....	2, 124, 035
Lowell.....	2, 066, 483
New Bedford.....	1, 370, 056
North Adams.....	286, 029

Though it is true that empty building space is an evidence of depressed conditions, it cannot by the same token be argued that providing buildings will create jobs. The empty buildings in these Massachusetts communities are not creating jobs.

Proponents of this legislation might argue that it is new buildings businessmen want, not old buildings. Yet even available new buildings may not attract business. For example, in the following surplus labor communities in Kentucky, relatively new buildings are presently available:

	<i>Square feet</i>
Paducah (built in 1957).....	100, 000
Paintsville (built in 1950).....	23, 000

The following Pennsylvania surplus labor markets have available recently constructed shell buildings, built on speculation:

	<i>Square feet</i>
Erie.....	20, 000
Scranton.....	100, 000
Altoona.....	50, 000
Wilkes-Barre.....	50, 000
Hazleton.....	60, 000

The essence of the major provision of this bill is to provide buildings for commercial and industrial enterprises at subsidized Federal financing rates. The view that this will automatically create jobs is either naive, dishonest, or both. Job opportunities are created by the ingenuity of men and the natural growth in our economy.

The late Joseph Schumpeter, in recent years one of Harvard's most famous economists, discussed in his famous book, "The Theory of Economic Developments," that the underlying cause of broad economic growth

in a society and with it job creation, is the ability to bring about innovation and technological change in products, services, and methods of production. Schumpeter took a broad view of our society, but his ideas also have specific application to the concept of job creation.

Regardless of the availability of plant sites, additional people will not be employed unless there are new ideas, new products, new markets, and entrepreneurs who are willing to risk their own personal capital and time and reputation, and that of others, in order to capitalize on these new ideas. Only then will men be hired to apply these new developments. The other alternative to new private job creation comes through normal growth in our population and from the opening up of new markets either at home or abroad.

Assuming that the basic essential conditions are present to create new jobs (and this bill will not provide these), the subsequent prerequisite to make this bill work is to encourage entrepreneurs to locate their operations in particular depressed communities. Can the bill accomplish even this task? In my opinion it cannot, and the reasons for this opinion will become clear in the material that follows.

2. THE PROBLEM CAN BE MET MORE EFFECTIVELY UNDER EXISTING PROGRAMS

Local area development already a vigorous activity: There are currently more than 14,000 State and local, public and private agencies and committees engaged in the business of attracting industry to specific localities. In addition, 111 Federal programs render services to aid local economic development. In the hearings on S. 1, I inserted in the record material developed by the Committee for Economic Development in a publication entitled "Developing the 'Little' Economies," which represented a survey of these area development programs now in operation in the United States. I will not burden the report with all of these, but, as examples, included in the list are the following:

	Number of development organizations
Publicly financed programs:	
State planning and development agencies	54
State-supported industrial financing authorities	4
Municipal and county development agencies	299
University bureaus of business research, etc., that have worked in economic development	212
Privately financed programs:	
Railroads conducting area development activities	83
Electric and gas utilities conducting area development activities	330
Banks conducting area development activities	144
Local chambers of commerce and boards of trade	4,842
Local industrial development groups	867
Community development corporations	1,952
State chambers of commerce	35
Area development associations	135
Private consulting firms and research organizations that have worked on subnational economic development problems	299
All others	4,980
Total, excluding Federal Government	14,125
Federal Government: U.S. Government programs affecting local economic development	111

In 1957, a total of \$220 million was spent for area development efforts by the above-

listed groups. Of this amount, 59 percent, or \$130 million went specifically for industrial development. The objective of these expenditures was to attract new industry to individual communities.

The operations represented by these development groups are intended to get at the heart of the problem by attracting job-making business to a locality. These groups understand the strengths and weaknesses of their communities. They know how to capitalize on these strengths and at the same time are best equipped to solve their weaknesses. The Federal Government can certainly not improve, through the provisions of S. 1, on the good work of these development agencies.

Federal programs now operating to aid local industrial development effort: As already noted, there are presently 111 Federal programs which offer services to aid local development. For example, in the 85th Congress we passed the Small Business Investment Act, which provides for loans based upon private judgment with a minimum of interference from the Small Business Administration. Section 502 of that act authorizes the SBA to make loans to State and local development companies for use in assisting and attracting new business. These loans may be made for plant construction, conversion, or expansion and the construction of commercial establishments. It is true these loans are made to small business concerns throughout the Nation without regard to whether they are located in depressed areas. But by the same token such areas are not denied these funds.

With respect to the loan programs for rural areas, outlined in section 5(b) of S. 1, in the Department of Agriculture (in cooperation with other Government departments and agencies) the rural development program is designed to promote and encourage the economic development of low-income counties. The program operates through the coordinated efforts of the Department of Agriculture and other departments and agencies in the Government. The activities of the program are directed toward providing leadership and guidance to the local communities in solving their own individual problems. The Executive order setting up this program stated that the end in view is "to provide maximum State, local, and private participation and initiative in identifying and meeting local needs."

It is true that this program does not provide for Federal loans. But if lack of money is a problem, there are several existing possible sources for making financial arrangements.

City	Date	Purpose	Amount	Maturities	Net interest cost
Evansville, Ind.	Jan. 24, 1961	Waterwork district	\$2,400,000	13½-year average	Percent 2.9916
New Bedford, Mass.	Nov. 10, 1960	Water bonds	160,000	1961-66	2.50
Detroit, Mich.	Dec. 6, 1960	General public improvement	1,280,000	1963-85	3.53
Do.	do	Public lighting	1,250,000	do	3.53
Do.	do	Sewer	3,000,000	do	3.52
Port Huron, Mich.	Oct. 31, 1960	Various purposes	765,000	1961-70	2.89
Johnstown, Pa.	Feb. 16, 1961	Municipal authority sewer (revenue)	5,000,000	1963-86	3.9748
Uniontown, Pa.	Nov. 1, 1960		100,000	1963-82	3.82
Providence, R.I.	Feb. 15, 1961	Redevelopment	5,000,000	13½-year average	3.28
Do.	do	Public works	900,000	10½-year average	3.28
South Charleston, W. Va.	Feb. 16, 1961	Sewer revenue	8,000,000	1962-2001	3.674

Private capital for industrial or commercial building facilities can be drawn from many sources. The hearings failed to show that any community could not raise necessary capital when it had a real prospect. I am particularly impressed with what can be done with revenue bonds issued to finance industrial or commercial buildings to be leased to industry. At present, 15 States have laws permitting such issues. I have reliable information that in-

Also I would like to emphasize that each community has a different problem, and a general Federal lending program aimed at a specific type of inducement cannot have equal application in each area. Lack of money is often not the chief difficulty faced by localities. Instead, each community must be analyzed individually for its strengths and weaknesses and needs.

Section 7 of the bill provides for loans for community facilities such as sewer projects, water treatment, and other public needs. There is absolutely no need for this provision of the bill because these exact same types of loans are made by the existing Community Facilities Administration within the HHFA. There is nothing new in the context of this bill which cannot be done by the present community facility program.

The bill does state that such community facilities loans and grants shall be designed to "improve the opportunities in such areas for the successful establishment or expansion of industrial or commercial plants or facilities." But there is nothing under the present program which prohibits community facility loans or grants for exactly this same purpose. Even without the enactment of S. 1, every unit mentioned therein, with the exception of a private organization, can obtain a loan for the construction of public facilities under 42 U.S.C. 1492 through the Community Facilities Administration. The proposed program, therefore, would be a direct duplication of a current Government program.

Section 8 of S. 1 provides for grants for financing community facility projects. This may not duplicate the current law which limits grants for urban planning and for advanced planning of public works, rather than for financing actual construction of the project. But again, loans are available under section 7 of S. 1 for this purpose.

Private capital is available: Based on a brief analysis that I have made I can discover no inability to raise money by bonding for public facilities in depressed areas; nor has any real shortage of private capital to finance buildings, or to encourage industries to locate in depressed areas, been demonstrated by any testimony at the hearings.

I am listing below a sampling of a few public facility bond issues which have been made within the last 3 months in depressed areas, all of which were below the 4½-percent rate at which Federal money would be made available under the bill for these same programs. There are undoubtedly many other issues which have been made in depressed areas in recent months. This represents only a quick survey:

Insurance companies are anxious to invest in these revenue bonds. These issues can be made at rates comparable to what the Federal Government would charge under this bill, and these issues have the advantage of being tax exempt.

3. THIS PROGRAM, IF ADOPTED, WILL NOT BE SUCCESSFUL

This bill seeks to entice industry to locate in depressed communities by offering

Federal financing for buildings at subsidized rates to private companies or development groups. This is its chief inducement: reduced rent. Just how important is this inducement?

A. The economic inducement is too small

The cost of building occupancy for manufacturing concerns averages about 3 percent of the total cost of production. This includes direct rental payments, depreciation on buildings which are owned, taxes on the building, interest payments on debt, and repair and maintenance expenditures. These estimates were developed from corporation income tax returns for fiscal years 1958 and 1959 as summarized by the Treasury Department in its Statistics of Income.

Since this bill would offer no aid for taxes or routine maintenance and repairs, we can eliminate these items, and consider only the total annual cost of a manufacturing building which, taken alone, averages no more than 2 percent of the total cost of production. From another point of view, we may consider that the benefit of this bill is in the financing of such buildings and not in the actual cost of the building itself. How important is this?

The Federal money provided by the bill would be available at rates currently in effect on long-term Government bonds at the equivalent maturity plus one-half of 1 percent. This would be about 4½ percent. Private money can be borrowed at least at the rate of 6½ percent. This means that the Federal loans would be at rates one-third less than private rates.

Even if we assume that financing costs over the life of an industrial mortgage equal 100 percent of the original building cost, the inducement is still extremely small. Take the 2-percent figure, which represents the actual building costs and assume this to be the financing cost. Now we divide that by three, to represent a one-third reduction in financing costs, and we arrive at the final inducement under the bill. We find that the inducement is a net reduction in the costs of production of less than 1 percent, or, to be precise, 0.67 percent.

B. Other factors are more appealing

If we now compare the value of this financial inducement with the appeal of other factors which attract industry to an area, the weakness of this small ratio becomes even more obvious.

In the course of the hearings on S. 1, I asked every State development agency, or equivalent group, organized to attract industry in the respective States, to list in the general order of importance the factors which they consider are effective in attracting business to their State.

I received 47 replies. Of the 47, 4 placed the cost of rent or building occupancy in the middle of the list. Only one placed it as high as fourth. The remaining 42 replies placed cost of rent or building occupancy at or near the bottom of the list and added the comment that this was of lesser importance in comparison with other more vital factors.

It is obvious that the order of the list of factors would vary from business to business and from area to area. But, in general, the following are the factors which command the greatest attention, graded roughly according to priorities given to them by the State development agencies:

1. Markets.
2. Trained and adequate labor force.
3. Availability of raw materials.
4. Good transportation facilities and connections.
5. Low-cost fuel and power.
6. Adequate water.
7. Favorable business "climate" including both Government regulation and worker attitudes.
8. Fair tax structure.

9. Available buildings or good building sites.

10. Adequate financial sources.

The last item—availability of capital—does not necessarily mean at subsidized rates.

Most of the money provided by the bill would go for "windfall" payments: Even the staunchest advocates of this bill admit that the interest advantage for plant construction is not going to be the major factor in determining where a plant is located. Therefore, one fact is readily apparent—of the new plants which go into a depressed area, even if the bill does what it is supposed to do, only a few of those plants will go there because of the Federal interest subsidy. The rest would have gone there anyway—because of the advantages the area has for their industry.

What the percentage would be is anybody's guess. I would think that even assuming a most optimistic claim, only 1 out of every 10 could be said to have located because of the subsidy. But the other nine would qualify for the subsidy, even though it did not influence their decision.

Thus, in perhaps 90 percent of all cases, the Federal money would be nothing but a pure windfall to companies which were going to locate in those areas anyway. In these cases, the taxpayer—and the depressed area—get absolutely no return for this money. Thus, the effective amount of money we have to work with is not \$200 million of Federal money for the urban and rural industrial and commercial programs but one-tenth of that, or \$20 million. The rest is down the drain.

No matter how much financial inducement the Federal Government offers—even if the Federal Government offered not only to aid the financing of a building, but actually to pay the entire cost of a building and offered it to a company free—I am convinced that the other factors which I have listed would still loom more important in the businessman's eye. Only if all the others of the above factors were equal would his choice of location be significantly influenced by a Federal financial subsidy for building rent.

Even the Federal Government tends to be choosy in locating its operations. The question might be raised as to why the Federal Government did not establish a defense installation at Beckley, W. Va., or Altoona, Pa., both distressed areas. Could it be that there are more important factors to influence such locations than the fact that there is an available surplus labor force in these areas?

If the Federal Government gets into this industrial location business, it will find itself in competition with States and localities offering not only reduced rent, but tax advantages and other special inducements. Without going into the merits of such inducements, it would seem that these far outweigh any financing inducement this bill could offer. In fact, the question might simply be raised, Can the Federal Government under this bill do as much to attract industry as State governments, local governments, and local chambers of commerce and development agencies are already doing?

To the extent the bill seeks to provide commercial and industrial buildings for rural areas, as outlined in sections 5(b) and 6 of S. 1, the same criticisms apply.

4. THE LEGISLATION IS DISCRIMINATORY AND IMPRACTICAL

Just how far will the Federal money go under this legislation? Is there not a serious discrimination in favor of a few unemployed?

Testimony was given in the hearings that it requires an investment of approximately \$15,000, on the average, to support one job in manufacturing. This is an average of all industries. I am aware that many jobs can be supported on a relatively small in-

vestment, but there are others that take huge investments and I have taken the average.

If we take just the urban depressed areas, of which there are 20 major areas and 83 minor areas currently qualifying under the bill, and a total unemployment of approximately 648,000, we can see just how small a part this legislation would play in reemploying these people, even, if all other arguments were laid aside and we assumed that this bill would put people back to work.

The bill provides \$100 million for urban depressed areas. In manufacturing, the actual investment in buildings is 25 percent, on an average, of the total investment. (This is separate and apart from the cost of production, discussed above.) The latter includes labor costs, the cost of raw materials, etc. This bill will aid only in the investment in buildings. Thus, 25 percent of \$15,000 required to support one job is a little less than \$4,000. If we call it \$4,000, and observe that the Federal Government will provide 65 percent of this amount, or \$2,600, and divide this into \$100 million, this bill would create a job potential of 38,500 workers in the urban depressed areas.

Assuming all other factors were favorable, and assuming that State and local groups would furnish the remaining 35 percent of the \$4,000 necessary for investment in buildings, and also assuming that the businessman loan applicant would be willing to take care of the other three-fourths of the investment needs for machinery, equipment, inventories, and miscellaneous investment items, and also would be willing to assume the risks of the business, how much aid would this bill give?

Relating 38,500 workers to approximately 650,000 unemployed in depressed cities, we discover that only 1 out of every 17 unemployed persons in these areas could expect to be benefited by this bill. Thus, we are discriminating against 16 out of every 17 unemployed in these areas.

But this is not all of the discrimination. The approximately 650,000 unemployed in depressed areas represent only 1 out of 8 of our total unemployed in the Nation. Thus, the bill holds out hopes for only 1 out of every 136 unemployed persons in the United States, assuming all other factors were completely favorable. We can now begin to see the false hopes which will result from this bill.

If we were to cast aside all of these practical considerations and attempt to overcome this discrimination argument by spending enough Federal money to put all of the unemployed back to work (again assuming that merely building plant facilities would do the job, and assuming we make no allowance for frictional unemployment) it would cost on the basis of \$15,000 per job, a total of \$10 billion, of which the Federal Government would be responsible for \$6.5 billion to put only the 650,000 workers in urban depressed areas back to work, and a total of \$81 billion, for which Federal responsibility would be \$53 billion, to put all of our 5.4 million unemployed back to work, assuming that were our ultimate goal. Of course, it is foolish to even think that our Federal budget could stand such a strain.

Besides, when we relate what this bill proposes to do with what private capital is already doing, we can again categorize this approach as being a little "drop in the bucket." For example, in 1958, the last year for which a full survey was taken, manufacturing concerns spent \$9 billion in new plants and equipment, and all nonagricultural business spent \$29 billion in new plants and equipment. Of this, \$6 billion represented new plant investment. If we take the Federal cost of the urban and rural loan programs, totaling \$200 million, and relate this to what private business spent in the recession year of 1958 for new plants, we find that private investors spent 30 times as much in 1 re-

cession year for new buildings as this bill proposes to spend over a 2- or 3-year period. If we include private expenditures for machinery and equipment, as well as for buildings, private expenditures during the 1 year, 1958, exceed the proposal of this bill by 145 times.

To examine these private expenditures in the light of the maximum apportionment of funds which certain depressed area States might expect under this bill is to cast further doubts as to the practicality of this approach. If we relate total unemployment in the major and minor urban areas of each State qualifying for aid under this bill to the U.S. total of 648,400 unemployed in all such areas, and distribute funds on that basis, some of the more severely hit States could expect to receive amounts shown in the following tabulation. Also shown are private expenditures for manufacturing plant and equipment and estimated expenditures for all plant and equipment in the recession year 1958:

[In millions]			
State	Potential apportionment under S. 1 ¹	Private 1958 capital expenditures for manufacturers only	Private 1958 estimated expenditures for all plant and equipment
Kentucky.....	\$4.1	\$110	\$356
Massachusetts.....	2.4	275	729
Michigan.....	18.3	439	1,422
Pennsylvania.....	34.9	788	2,553
West Virginia.....	10.1	164	531

¹ For the urban industrial areas.

5. THE BILL THREATENS OUR FREE ENTERPRISE SYSTEM

Finally, assuming that a need could be proven, and assuming this approach were practical, which has not been demonstrated, the approach under this bill would still be undesirable in our free competitive society.

A basic defect of the approach of this bill is that it runs counter to the precepts of what is still essentially a private market mechanism, operating within a dynamic and growing economy.

The strength of the United States to a great degree is attributable to the fluidity of its resources among areas that can use them most efficiently. Unlike the economies of other continents, the economy of the United States has been able to distribute its resources into their most efficient uses without regard to State boundaries or regional areas. This has always been an essential strength of our political system—that it permitted these adjustments. And this bill would threaten to destroy that adjustment mechanism within our system.

Our economy has grown strong because throughout our history the location of industrial establishments has been related to the basic economic considerations involved—good markets, availability of transportation, the labor supply, the accessibility to raw materials in the area, and the existence of a healthy business climate, etc. To substitute an artificially created, Government-sponsored program to induce industries to locate in areas which are intrinsically unsuited for them, and when these areas are unable to compete on purely economic grounds, is to throw a monkey wrench into the economic machine.

Once Congress establishes the principle that the Federal Government should direct industrial expansion into selected areas, there will be powerful political pressures to fulfill the commitment to these areas.

If initial plant-location inducements do not prove adequate to carry out the commitment, greater inducements will undoubtedly be proposed to Congress. And political pressures to provide them may well be irresistible.

The time to stop a surge of Federal intervention in the field of plant location is before the principle of Federal intervention is established—not after it is established.

SUMMARY AND CONCLUSIONS

In summary, S. 1 will not do the jobs its authors intended.

1. Nothing in this bill will create new jobs. It can only hope to influence the decision to locate jobs in a particular community.

2. The problem can be met more effectively under existing programs.

3. This program, if adopted, will not be successful because (a) the economic inducement is too small and (b) other factors are more appealing.

4. This program is discriminatory and impractical.

5. This bill threatens our free enterprise system.

The problem in each community is individual and different and grows out of a variety of factors which businessmen will consider in deciding whether or not to locate in a specific area. The businessman is interested in the factors I have already listed. Simply to concentrate on the availability of buildings or the financing of those buildings, or on community facilities (aid for which is available in other programs) is to strain at a gnat. There are many more important factors to consider. A Federal subsidy to finance a new building or a community facility, which can very likely be provided through local efforts, is a very unimportant contribution, and will not solve the problem.

It is more important to look at the specific problems of the industry whose failure created the depressed area. And this would call for an individual analysis which can be very adequately handled by local and State organizations or the Office of Area Development of the Department of Commerce, or in the case of rural areas, by the rural development program sponsored by the Department of Agriculture. These Government groups, and those engaged in local area development, can give better hope of finding tailored solutions to the particular problems that created unemployment in the first place. This, in the final analysis, is what will give rise to new employment opportunities in depressed areas.

S. 1 will not solve our problems, and I urge the Congress to reject this legislation.

WALLACE F. BENNETT.

Mr. BENNETT. Mr. President, I should like to return now to the amendment whose introduction gave me this right to the floor. On page 43, line 1, are these words:

Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under section 350 of the Tariff Act of 1930, as amended, with respect to which the President has reported to the Congress under section 4(a) or 7(c) of the Trade Agreements Extension Act of 1951, as amended, and meeting the standards of unemployment set forth in this section shall be entitled on application to special consideration by the Administrator for designation as a redevelopment area.

My reasons for suggesting that this language be removed from the bill include three points of view.

First, many of the industries that have been adversely affected through reduction of trade barriers under the act are very much afraid that now they are going to be told, "we are not going to worry about your trade problems any more; you are going to get special consideration under the depressed areas

bill." They are afraid their real problems will be swept under the rug, and that this provision will be offered as a sop, instead of a solution, which could, in fact, increase, rather than decrease, their problems.

They are also afraid that, if the bill becomes law, the Tariff Commission will be in a position to say, "Well, in a borderline case, or a case where the decision is close, let us not worry about them. They can get help under the Area Redevelopment Act."

My next objection to the language is that it establishes another program of discrimination. It provides, for instance, that areas in West Virginia which have problems concerning the coal industry are going to take second place to areas somewhere else because the latter areas have problems created by the lead-zinc trade, as is the case in my State, which problems were created by our tariff and trade policies.

Mr. President, as I said earlier, I shall not ask for a ye-and-nay vote on the amendment. I shall be satisfied with a voice vote.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a letter from the National Wool Growers Association directed to me, dated February 27, 1961.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL WOOL
GROWERS ASSOCIATION,
Salt Lake City, Utah,
February 27, 1961.

DEAR WALLACE: I am writing to you with regard to section 5(a) of the area redevelopment bill (S. 1). This section provides special consideration in area redevelopment assistance to those areas in which employment is adversely affected through closing of industries by import competition caused by reductions in our tariffs.

We are deeply concerned with the philosophy set forth in this section. It is a surrender to the idea that tariffs should be cut regardless of whether they put domestic industries out of business so long as the people thrown out of work by such liquidation are rehabilitated and trained to do some other kind of work.

Our particular concern is for our domestic woolen mills. Imports of woolen fabrics from low-wage countries such as Japan and Italy, as you know, are flooding our markets. In fact, the annual volume of wool fabric imports is over 10 times what it was prior to tariff reductions in 1948 and the volume continues to grow. Many of our woolen mills have gone out of business largely because of imports. If the remainder are liquidated, there will be no customers left for wool grown by our domestic producers. We have no other market.

The Trade Agreements Act contains provisions under the escape clause for protection of domestic industries from the devastating effects of foreign competition caused by tariff reductions. The apparent intent of this section of the bill is to replace the positive protective measure of the Trade Agreements Act with Government assistance to areas adversely affected by unrestricted imports. We are unalterably opposed to this principle and would appreciate your assistance in having it deleted from the bill.

Yours sincerely,
EDWIN E. MARSH, Executive Secretary.

Mr. BENNETT. Mr. President, unless there are questions, I am happy to yield the floor.

Mr. WILLIAMS of New Jersey. Mr. President, before the Senator yields the floor, will he yield for a question?

Mr. BENNETT. Yes.

Mr. WILLIAMS of New Jersey. I wonder if the Senator will agree that there are areas in our country where industries have been adversely affected by international trade policies.

Mr. BENNETT. There are many in my State, and I am sure there are many in the State of New Jersey, from which the Senator comes.

Mr. WILLIAMS of New Jersey. Will the Senator agree, in view of the fact that the adverse effect is the direct result of a national policy, our Federal Government should show an interest and a concern and try to find ways to relieve the distress?

Mr. BENNETT. But the proposal furnishes only an alleviation.

Mr. WILLIAMS of New Jersey. I am not referring specifically to this measure, but is such an effort on the part of the Federal Government proper?

Mr. BENNETT. The Senator from Utah has introduced more bills than he can remember to try to relieve problems of distressed industries in his State which have been adversely affected by trade policies, and I am sure the Senator from New Jersey has introduced bills relating to such problems in his own State.

Mr. WILLIAMS of New Jersey. I should like to offer one statement to the proposal to delete this section of the bill, as one of the authors. This part of the bill would not be, according to my thinking, the final answer to trade impacted areas. It is not a final answer, and we know it. Those of us who have been working to find relief for our impacted industrial areas are not going to pause a bit if this section is maintained in the bill, but will find other ways, independent of this means alone, to try to bring relief to trade impacted areas.

Mr. BENNETT. I am sure the Senator will be working to that end, but I am not quite sure other Senators who have no such problems in their States will be impressed. I am sure some of them would say, "Let them take care of their problems under the distressed areas bill."

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. CURTIS. I wish to commend the distinguished Senator for his analysis of the bill. I agree with him, and I expect to vote for the amendment. I voted for a number of substitutes, not because I accepted them as sound solutions, or even suitable solutions, but because they were the lesser of the evils before us. The distinguished Senator is to be commended for the position he has taken.

Mr. BENNETT. I appreciate the kind remarks of the Senator from Nebraska.

Mr. President, I am happy to yield the floor.

Mr. BUSH and Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. JAVITS. I was about to make a statement with reference to the amendment.

Mr. BUSH. Mr. President, may I yield for that purpose, without losing the floor?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I merely wished to follow up what my colleague from New Jersey has said about the particular amendment to which the distinguished Senator from Utah referred. To me, the amendment would represent a real loss in the bill and a great deprivation in terms of effectiveness in trying to reach a solution of a problem which is of grave moment to the country and to our international policy.

I hope very much that the Senate will reject the amendment, notwithstanding my affection and regard for my colleague from Utah.

The national interest demands an expanding trade policy. On the other hand, local interests demand some concern about what imports we must allow if we are to have an expanding trade policy. To various sections of the country this is an overriding consideration in terms of the Nation, which entitles people who are hurt by a national policy to be given help from the Nation. It so directly involves the distressed area concept that I feel strongly that such a provision belongs in the bill.

I wished to make my position clear, and I thank my colleague. I hope the Senate will reject the amendment.

Mr. BUSH. Mr. President, is time controlled?

Mr. BENNETT. Mr. President, may we have a vote on my amendment?

The PRESIDING OFFICER. Time is controlled.

Mr. BUSH. Mr. President, will the Senator yield me 5 minutes?

Mr. DIRKSEN. I am happy to yield 5 minutes to the Senator from Connecticut.

Mr. BUSH. I shall be happy to yield the floor, so that the Senate may vote on the amendment, and then make my remarks. Would the acting majority leader prefer to have me do so?

Mr. DOUGLAS. I should appreciate that very much.

Mr. BUSH. Mr. President, I yield the floor with the understanding that I shall make my remarks after the vote.

Mr. DOUGLAS. Mr. President, I hope very much that the amendment of the Senator from Utah will be rejected.

Mr. DIRKSEN. Mr. President, to keep the record straight, I ask unanimous consent that after the vote is taken on the Bennett amendment to the committee amendment the distinguished Senator from Connecticut may be recognized for 5 minutes, and I will accord him that time from the time on the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Do Senators yield back the remainder of their time?

Mr. BENNETT. Mr. President, I am happy to yield back my remaining time.

Mr. DOUGLAS. Mr. President, I yield back my remaining time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. BENNETT] to the committee amendment.

The amendment to the amendment was rejected.

Mr. BUSH. Mr. President, I shall vote for S. 1 with some misgivings and in the hope that it can be further improved before it completes the legislative process in the Congress.

As stated in my individual views filed with the committee report, I have grave reservations about the ability of S. 1 to do the things expected of it by the unemployed and by others who have the misfortune to live in the so-called depressed areas of the Nation.

Despite my misgivings, I am willing to try out this program for a limited time on an experimental basis because of my concern for the families who have not shared in the general prosperity enjoyed by the great majority of the people of the United States, and who find themselves destitute as a result of prolonged unemployment.

Mr. President, I ask unanimous consent that my individual views may be printed at this point in the RECORD.

There being no objection, the individual views were ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF SENATOR BUSH

S. 1, as amended by the Committee on Banking and Currency, has been substantially improved from its original version and from previous bills of this kind which have been considered in former years.

THE "INDUSTRY PIRATING" PROBLEM

A major defect has been eliminated by the inclusion of strong, effective language to meet the problem of "industry pirating." Amendments drafted by myself and the junior Senator from Maine, Mr. MUSKIE, and accepted unanimously by the committee, flatly prohibit, without qualification, the use of Federal funds to assist the relocation of a business enterprise from one area to another. They permit such assistance to businesses for purposes of expansion, or for the establishment of a new branch plant, affiliate, or subsidiary only if such assistance will not adversely affect employment in the area of original location. The committee report clearly states an intent to have the Bush-Muskie "antipirating" amendments strictly construed, and cautions the Administrator to guard against any attempts at evasion of their purpose.

GOOD FEATURES OF THE BILL

There are good features which I favor in S. 1. The special provisions for redevelopment areas in the urban renewal section of the bill are commendable. The sections providing for occupational training and retraining, and for retraining subsistence payments, may ultimately prove to be the most valuable aids made available to those who have the misfortune to live in areas of chronic, high unemployment. The loan funds—\$200 million for industrial and commercial projects in redevelopment areas designated under section 5 (a) and (b), and \$100 million for public facility loans in such areas—have been established with welcome recognition of the general rule that the United States should not lend money at less than it costs the Treasury to borrow it.

S. 1 is in need of further corrective amendments.

RURAL AREAS

Perhaps the most glaring need is in the definition of so-called rural areas eligible for designation as "redevelopment areas" under section 5(b). As introduced, the criteria for designation virtually guaranteed an overconcentration of such areas in one section of the country. The committee adopted an amendment, offered by the junior Senator from Wisconsin, Mr. PROXMIER, which was intended to meet this problem, but fails to fully do so. The Proxmire amendment would require the Administrator to "endeavor to distribute the [redevelopment] projects widely among the several States, so far as is feasible and proper * * *." Under this broad language, no Senator can be assured that at least one such project will be located in a depressed rural area of his own State.

The committee has ignored the fact that even in highly industrialized States there may be depressed rural areas in need of the assistance contemplated by this bill. Such areas may be overlooked because their populations are included in "labor market areas," designated by the Department of Labor, which are ineligible for assistance under either section 5(a) or section 5(b). Yet the farm population of such areas may be in real need of assistance.

PROPOSED AMENDMENT—RURAL AREAS

I have prepared amendments intended to remedy these deficiencies. They would provide that at least one project shall be located in every State in which the Governor thereof certifies to the Administrator a need for such project. Additionally, they would require consideration of the extent to which demonstration "rural development" projects have previously been located in various areas of the United States by the Department of Agriculture, in the formulation of standards for designation of "redevelopment areas" under this subsection.

OTHER NEEDED AMENDMENTS

I share the concern expressed by the senior Senator from New York, Mr. JAVITS, about the wisdom of making machinery and equipment eligible for loans under the bill, and the concern of the senior Senator from Utah, Mr. BENNETT, because of what appears to be an intent to substitute a foot-in-the-door trade adjustment palliative for the peril point and escape clause provisions of the Trade Agreements Act. I will support corrective amendments which I understand they intend to propose.

Additionally, I shall support the recommendations of President Kennedy that administration of the proposed program be placed under the Secretary of Commerce, and that it be financed by appropriations rather than by direct borrowings from the Treasury. Why the New Frontiersmen of our committee have so summarily rejected the counsel of their Chief is beyond my comprehension.

CONCLUSION

Finally, I express grave reservations about the ability of the program contemplated in S. 1 to do the things expected of it by the unemployed and others who live in so-called depressed areas of the Nation. The widespread publicity given S. 1 and its predecessor bills and extravagant statements made by some of the backers of these bills, have aroused false hopes in these unfortunate people that a miracle is about to come to pass. Once S. 1 is enacted, they believe prosperity for their areas is ensured, and their troubles are over. A day of disillusionment is bound to come. It will take months to get the program underway. A relatively few among all the areas which expect it will receive assistance under the bill, and what assistance is given may well prove ineffective in many areas.

This is an experimental program, and should be regarded as such. It must be carefully watched by the Congress, and terminated promptly if the experiment fails. For this reason, I favor a limitation of the authority granted under the bill to a 2-year experimental period, and intend to offer such an amendment on the floor.

Mr. BUSH. Mr. President, S. 1 has been substantially improved by amendments adopted in committee and on the floor of the Senate.

We have included an effective anti-pirating provision which was essential to protect the jobs of workers in Connecticut and in other highly industrialized States against the use of Federal funds to relocate to other States the factories which give them employment.

We have given administration of the proposed program to the Secretary of Commerce, instead of expanding the bureaucracy by creation of a new, independent agency.

We have placed a definite termination date in the bill, insuring a close congressional review after a reasonable period in which the experimental program can prove whether it is a success or failure.

We have made it clear that the Senate desires that demonstration rural development projects be distributed widely among the several States rather than being concentrated in limited areas.

The bill remains in need of further amendment, but it has been sufficiently improved to warrant my vote in support of sending it to the other body. I hope the remaining defects in the bill can then be removed, and that we will be able to go forward on a sound basis with the limited, experimental program for assistance to distressed areas it will provide.

I yield the floor.

Mr. MUSKIE. Mr. President, will the Senator from Illinois yield some time to me from the time on the bill?

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the Senator from Maine [Mr. MUSKIE].

Mr. MUSKIE. I thank the Senator from Illinois.

Mr. President, I rise in support of the pending bill.

Six years ago I took office as Governor of the State of Maine. Maine was at that time suffering from a recession. Our textile mills had been in trouble, and some had closed. Unemployment dogged other areas of the State. The major task of my first administration as Governor was to mobilize the resources of State Government to help communities help themselves. We reorganized our Department of Economic Development and made a determined effort to attract new industry to our State. We gave assistance to communities endeavoring to rebuild themselves to provide an attractive climate for economic growth. Later we established the Maine Industrial Building Authority to provide capital for the construction of new plants and facilities.

Much of this work has been successful. We have been rewarded by new industries and new jobs. But in spite of this, Maine is still in trouble in unemployment and underemployment. Un-

less we use the additional resources of the Federal Government, acting for the Nation, we will condemn these communities to painful years of readjustment. There may be those who consider such hardship good for the character of those who struggle against adversity. I disagree. There is nothing to strengthen the character in hungry children, fathers without jobs, plants without tenants, communities without adequate tax revenues. There is nothing of the American dream in areas where the investment of a lifetime of work is swept away by conditions beyond the control of those involved while others stand by in comfortable apathy.

Consider the plight of cities like Lewiston and Auburn, Maine, once buzzing centers of textile manufacturing. Today over 7 percent of the labor force in these twin cities is unemployed—this in an area where one of the most aggressive economic development efforts has been carried out. These efforts have paid off in terms of 1,300 new jobs during the last 5 years. But at the same time, 2,800 jobs have been lost—1,900 of them in textiles. There has been a net loss of 1,500 jobs in half a decade.

The State of Maine has serious economic problems, despite its great natural resources, the skill of its workers, and the efforts of its citizens. At the end of the year our rate of unemployment was 10.3 percent, the ninth highest in the country. As a seasoned observer wrote me recently:

The economic situation in this area has been dubbed with many fancy names, but from where I sit it has all the earmarks of a full fledged recession.

At the present time we have three areas qualifying for assistance under the provisions of the Area Redevelopment Bill: Lewiston-Auburn, as I have mentioned, has an unemployment rate of 7.6 percent; Biddeford-Saco-Sanford's rate of unemployment is 8.8 percent; Calais-Eastport, our most distressed area, has an unemployment rate of 25.4 percent. Within the last 3 years it has ranged as high as 38 percent. In addition, the Portland area, which includes our largest city, has an unemployment rate of 6.2 percent.

Obviously, these communities need help. The area redevelopment bill would provide the tools and the resources of the country to aid these distressed areas.

Some of my colleagues have raised objections to this proposed legislation. I am sure the remarks of the distinguished chairman of the Subcommittee on Production and Stabilization has answered most of the questions. I wish to make several observations on specific points.

The bill provides no magic answers. It contains no panaceas. It guarantees nothing by way of results in any specific community or area. Its purpose is to provide tools for the use of local people, local initiative, and local ingenuity in redeveloping the economic resources of their communities. There is no suggestion that prosperity can be created by law, or that jobs can be brought into existence by a stroke of the legislative pen.

We who support the bill fully realize that economic activity and employment are generated by private enterprise. We realize that a community which will not help itself cannot be helped. We realize that, unless a community or area contains useful economic resources, it cannot be made a job-producing, wealth-creating section of the country.

There are, undoubtedly, once-prosperous areas in the country whose economic resources have been completely exhausted beyond any hope of restoration.

On the other hand, there are areas which have been by-passed by rising economic tides; or, whose industrial bases have been undercut by technological changes; or, whose production of industrial agricultural, or fisheries products has been bypassed by changing consumer tastes or new products; and which still contain elements of economic strength and vitality worth saving and using.

It is the assumption of the bill that such opportunities can be developed by human will and ingenuity. The bill recognizes, however, that in too many instances such an effort may fail because local resources do not include the necessary capital, the technical know-how, the industrial skills.

Community facilities may not be such as to attract new industry. Community resources may be inadequate because of a deteriorated tax base and chronic low income of its citizenry.

And so, the bill would provide:

First. A revolving fund from which businessmen could borrow part of the funds needed for expansion or for new enterprises.

Second. Loans and grants for community facilities.

Third. Occupational training and re-training.

Fourth. Subsistence payments to unemployed workers undergoing training.

Fifth. Technical assistance.

Do these tools duplicate others already in existence? To a certain extent, yes; but this fact, rather than constituting a source of criticism, suggests a very desirable flexibility. Moreover, the bill would provide an integrated approach toward this problem which is not now possible.

Are there other tools which would be useful? Probably; and there is nothing to prevent our adding them whenever experience under the program demonstrates their need.

We have an opportunity, through the proposed legislation, to build on our experience in other programs. We have the urban renewal program, the Small Business Administration, and the Small Business Investment Act at the Federal level. In our States, we have development agencies, planning agencies and credit facilities which have developed techniques of redevelopment, in urban and rural areas. What we seek to do is to apply these techniques, with the resources of the Nation, to situations in which local resources cannot do the job alone.

We have heard complaints that the rural development sections of the bill are oriented toward the South. There

is no evidence in the bill that this is so. If there are more rural areas in any section of the country which qualify for assistance under objective criteria, I fail to see the logic of opposing aid to such sections simply because they are not in our own backyard. If there is a need, then we should meet it, and not let our vision be narrowed by selfish and short-sighted consideration. This proposed legislation should not serve as an excuse for regional bickering.

Another objection I have heard has been directed at the alleged reduction in initiative which will stem from passage of the bill. On this point, I suggest that the critics examine the bill and note the requirements for local planning, contributions and participation.

We are not taking anything away from anybody. We are saying to the depressed areas, "We are aware of your troubles. We know that industrial or agricultural losses have drained away your resources. Here are the tools to help you do the job. We are willing to work with you as you rebuild your communities. We have confidence in your ability and we are willing to invest in your future."

In conclusion, I wish to take note of complaints on possible pirating under the bill. As originally written, the bill prohibited the use of Federal funds for relocation of industries when such would result in substantial damage to the area of original employment. Some felt this language was not strong enough. I was pleased to work out language on this point and to submit it to the committee in cooperation with the senior Senator from Connecticut [Mr. Bush]. Page 35 of the committee report contains an explanation of this provision.

I point out, in addition, that under the Small Business Investment Act we have a precedent for preventing the pirating of industry through the use of Federal funds. The act prohibits such use of funds, the Small Business Administration regulations under the act spell out these prohibitions, and the contract forms used under the program effectively prevent evasion of the act and regulations and provide penalties for noncompliance. I see no reasonable cause for fear on this question.

Mr. President, my experience as Governor, my service on the Senate Committee on Banking and Currency, and the continued conditions of economic distress in many areas of our country convince me that this proposed legislation is needed, and needed now. I urge passage of S. 1, as reported by the committee.

Mr. SPARKMAN. Mr. President, I have an amendment at the desk, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 56, beginning in the committee amendment, with line 22, it is proposed to strike out all through line 2 on page 57 and insert in lieu thereof the following:

Secretary of the Treasury. Any such notes or other obligations which are issued by the

Secretary to raise funds for loans under section 6 shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. Any such notes or other obligations which are issued by the Secretary to raise funds for loans under section 7 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum. The Secretary.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama.

Mr. SPARKMAN. Mr. President, the proposed amendment would simply change the interest rate formula to make it comply with the rate that is now available on college housing loans so far as public facility projects are concerned in redevelopment areas.

S. 1, as reported by the Banking and Currency Committee, would provide that all funds borrowed from the Treasury with which to carry out the loan programs provided by the bill, that is, loans for qualified public facilities projects in redevelopment areas, and loans for private industrial and commercial redevelopment in nonrural and rural areas, would be obtained from the Treasury under the same interest rate formula.

The formula in the bill at present provides that—

The rate paid to the Treasury for such loans shall be determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations.

This formula would produce a rate for Treasury borrowing of roughly 3½ per cent. Thus, the lending rate to the qualified borrower at one-quarter of 1 per cent higher as provided by the bill would be approximately 4½ percent at the present time.

My amendment would change the formula in order to provide a lower interest rate for loans to States and their political subdivisions for qualified public facilities projects in redevelopment areas. My amendment would not disturb the formula as it applies to borrowings with which to make loans for private industrial and commercial projects in redevelopment areas.

The formula in my amendment proposes that the rate to the Treasury for loans under section 7 of the bill "shall be determined by the Secretary of the Treasury which shall not be more than the higher of, first, 2½ percent per annum; or second, the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year not preceding the issuance by the Secretary of Com-

merce and adjusted to the nearest one-eighth of 1 percent."

Under my amendment, the formula would produce a rate for Treasury borrowings of $3\frac{1}{4}$ percent. Thus the lending rate to the States and their political subdivisions making a loan for qualified public facility projects at one-quarter percent higher as provided by my amendment would be $3\frac{1}{2}$ percent at the present time.

It seems to me rather obvious that loans to communities for development of their public facilities should be on more reasonable terms than loans made for development of private industrial and commercial purposes. My amendment would accomplish this purpose.

I earnestly hope that the Senator from Illinois, who has so well managed the bill, will accept the amendment.

Mr. DOUGLAS. Mr. President, I accept the amendment. As I understand, the amendment would merely provide that the same rates of interest shall apply on loans of public facilities as now apply in the case of college housing.

Mr. SPARKMAN. The Senator is correct, and it is a compensatory rate, so far as the Government is concerned.

Mr. DOUGLAS. I am very glad to accept the amendment.

Mr. SPARKMAN. I thank the Senator.

The amendment was agreed to.

Mr. BIBLE. Mr. President, I am proud to have joined the distinguished senior Senator from Illinois as a cosponsor of this legislation. At the outset I would like to pay tribute to the persistence of my colleague in pressing for congressional action to alleviate unemployment in distressed areas of our Nation.

The able Senator from Illinois has described S. 1 as "an old and cherished friend," as well he might. On three occasions in recent years the Senate has passed area redevelopment legislation sponsored by our esteemed colleague. On one occasion the measure died in the House Rules Committee, and in the next two instances the legislation failed because of the Presidential veto.

This year, with the problem even greater and with a President who has called for vigorous and positive action, I am hopeful that this bill will be enacted into law.

The time has come when we must face up to the economic realities, grim as they may be. By establishing a program to assist currently depressed areas and simultaneously develop a warning system on threatened unemployment, we will be waging a frontal attack on one of our country's major problems.

As I pointed out earlier this year before a subcommittee of the Banking and Currency Committee holding hearings on this bill, my State of Nevada is not listed as a distressed area. Encouraging as that may sound, however, the hard fact remains that there are areas in my State that are now, and have been, suffering from the effects of a depressed economy.

In Lincoln County, for example, the rate of insured unemployment has risen from six-tenths of 1 percent in 1957 to the alarming high of 23.9 percent last

January. This once flourishing section has been doubly hit because of the depressed metals market and the fact that railroad operations have greatly declined.

In the city of Babbitt, site of a naval ammunition depot, continual cutbacks in personnel have reduced the working force from a total of 1,462 in 1957 to a total of 925 today—a drop of more than 36 percent. And in the nearby city of Hawthorne, insured unemployment has increased from 1.2 percent in 1957 to 8.6 percent for last January.

These are constant problems, and they will not go away by ignoring them. The time for action is overdue. In my opinion, this legislation offers an opportunity for these distressed areas to help themselves to regain their rightful place in a free and sound economy.

Mr. DOUGLAS. I thank the Senator from Nevada not only for his succinct and able statement, but for the constant support which he has given to the bill throughout its progress through the Senate. We are deeply indebted to him.

As a boy I used to follow the prize fights. I can remember the historic prize fights which took place in Tonopah and Goldfield, Nev. I thought such fights were permanently established. I am now told that in spite of the efforts of the late Tex Rickard, those towns are ghost towns.

Mr. BIBLE. Goldfield certainly is; Tonopah is in a slightly better condition. However, we consider them depressed areas, and the bill would assist them.

Mr. DOUGLAS. In a year or a few years from now they may be in a state of depression.

Mr. BIBLE. The Senator is correct.

Mr. DOUGLAS. The Senator from Nevada realizes that prosperity is not merely for a day. It is tenuous, and we should guard against the future. I wish to thank the Senator from Nevada. I also express my personal obligations to him for his unfailing courtesy and gentlemanly conduct, so that even when upon occasion he votes against us, we love him. When he votes with us, we love him even more.

Mr. BIBLE. In view of the statement of the Senator from Illinois, I might even be privileged to vote favorably on final passage of the bill.

Mr. DOUGLAS. I am glad to yield now to the able junior Senator from Massachusetts [Mr. SMITH], who I believe is making his first address to the Senate, but whose quiet and effective influence has already been felt for the good in this body.

Mr. SMITH of Massachusetts. Mr. President, I would like to ask my fellow Members of the Senate today to give their whole-hearted support to the area redevelopment bill.

In my own State of Massachusetts, the jobless total hit the highest February total for 10 years. One hundred and fifty-nine thousand workers, or 7.3 percent of the working force, were unemployed last month.

Many of these workers were in industries such as apparel, electrical machinery, services, food, and paper that are normally not affected by the seasons of the year. Unless there is a general

upturn for all these industries, the economy of the State will remain distressed.

Some Massachusetts workers have joined the ranks of the jobless for the first time this winter. But for many others, unemployment is a long, sad story. Some of our areas, such as Fall River and New Bedford, have had severe unemployment for almost 10 years while three others have had steady jobless quotas of over 6 percent for between 3 and 4 years. Nine employment areas in the State are distressed enough to be eligible for help under this bill.

Thus, unemployment is not a new problem for the State of Massachusetts. It is a problem that has been with us in a serious form for many years. And it has left its mark throughout the economic fabric of the entire State—in substandard housing, inadequate education for those blue-collar workers who need it the most, and rundown cities and towns.

A large number of the State's municipalities have spent hundreds of thousands of dollars on private or public plans of their own designed to attract new industry. Individual manufacturers have done a great deal to diversify and strengthen their industries so that a severe decline in one such as textiles would not undermine the economy of an entire sector of the State.

But these communities have pretty well exhausted their resources in the fight to attain a level of economic well-being. Those that have been hit the hardest have watched their assets deteriorate over a long period of time and have little left now with which to continue the fight for economic survival.

The bill will provide those industrial communities that have suffered the most with the loans they need to attract new industry through land acquisition, plant buildings, and the construction of community facilities such as parks, and sewage treatment plants.

They will also receive badly needed funds for retraining workers in the skills needed for working in new industries.

I have discussed the area redevelopment bill in terms of my own State, but I know well that it is a truly national piece of legislation. There are few parts of this country that have not felt the pinch of this recession and the 103 areas which will be immediately eligible for its benefits can be found in every part of the Nation. Rural and industrial communities alike will gain through its provisions.

Some critics say that the bill will encourage some areas to pirate industry from others. I am strongly against any reshuffling of industries of this kind as it can do little more than create more economic problems and regional distress than it raises. The antipirating amendment in the committee bill has my full support.

Some critics have also said that money invested in long-term depressed areas is money poorly spent: that these areas are the victims of a changing technology and that to try and help them would be to invest in obsolescence.

I say that there has not been an industry yet that could do without the assets that a community brings with

it—the people, the schools, the churches, the parks and the local government. Actual dollars estimates have been quoted during debate on the bill on the costs of creating communities around a new industry. It is not cheap.

Yet, there are many communities in my State and across the country which, for a modest investment in plant and vocational retraining will provide a new industry with all the real and intangible assets of a long-established town.

Finally, there are those who label this another spending measure designed to take initiative from the local communities and to give it to the Federal Government. I say that this money is an investment, a blue-chip investment for the world's wealthiest country in its own economic well-being.

The bill provides a badly needed answer to long-term economic problems confronting far too many communities in this country. I hope my distinguished colleagues here will see fit to give it favorable consideration.

Mr. LONG of Missouri. Mr. President, the fact that the Area Redevelopment Act, as introduced by Senator DOUGLAS bears the title S. 1, is enough to show me that there is a sense of urgency about this bill that makes it mandatory for us to move as quickly as possible for its passage.

Senator DOUGLAS headed up the Task Force on Area Redevelopment and probably knows more about the chronic unemployment problem from firsthand information than any of us here in this Chamber. I considered it a privilege to join with him as cosponsor of S. 1.

Furthermore, the fact that the Area Redevelopment Act has passed the Congress twice is evidence in itself that our people want action. For years, as this measure has been under debate either in the legislative or the executive branch, conditions have become steadily worse.

Department of Labor statistics show total unemployment exceeded 5.7 million in February. There are approximately 100 areas of substantial and persistent unemployment, where there are at least 15 million people and over 600,000 unemployed.

Conditions in Missouri are bad enough to warrant the passage of this bill, but from what I can learn, some States are even worse off than we are. As the senior Senator from my State pointed out yesterday, Missouri has 180 community development organizations already in existence—the second highest number in the Nation.

It must be emphasized that the passage of the Area Redevelopment Act is not an open invitation for local communities and private groups to dip their fingers in the Federal Treasury and come up with a handout. Of the approximate \$390 million provided under the bill, \$300 million is earmarked for loans—loans that must be repaid.

Local communities and private groups must take the initiative in area redevelopment to alleviate chronic unemployment. Our President has promised a faster rate of national growth and committed himself to a goal of 82 mil-

lion jobs. If we can achieve that goal, the St. Louis Post-Dispatch says that America's standard of living will rise 25 percent in a decade. To cross the first obstacle that prevents us from reaching this higher standard of living, Mr. President, I urge Senate passage of the Area Redevelopment Act.

Mr. HUMPHREY. Mr. President, I wish to join the distinguished Senator from Illinois [Mr. DOUGLAS], who has so ably managed the pending bill, to express my thanks to the Senator from Nevada [Mr. BIBLE] for his statement and for his effective cooperation.

The junior Senator from Massachusetts has made a splendid statement on the bill. I am sure that Senators are aware of the fact that the junior Senator from Massachusetts has presided over the Senate a great many times during these debates. It is only fitting and proper that we should express our appreciation to him. I wish to commend the Senator from Massachusetts on his excellent statement. I am sure that he will have the privilege this time not only of voting right, as he always does, but of voting on the winning side. I compliment the Senator.

Mr. LONG of Louisiana. Mr. President, I call up my amendment, which is at the desk.

The PRESIDING OFFICER. The Clerk will state the amendment.

The LEGISLATIVE CLERK. On page 79, between lines 13 and 14, insert a new section as follows:

MILITARY INSTALLATIONS IN REDEVELOPMENT AREAS

SEC. 27. Whenever economy, as distinguished from obsolescence, changing defense requirements, and other essentially military considerations, has been or is hereafter given by the Department of Defense as the principal reason for the deactivation of a permanent military installation and such installation was or is situated in an area determined under this Act to be a redevelopment area, the Secretary of Commerce shall, upon the request of a local governing body in the area, institute a study to determine the economic effects of the action which has been or is to be taken: *Provided*, That nothing herein shall apply to any military installation which was deactivated prior to 1954. In determining the economic effects of any such action, the Secretary of Commerce shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

(1) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

(3) the approximate cost to the Government of relocating any such installation in the event that such installation has been, or will be, relocated; and

(4) the approximate cost to the Government of reactivating, in a national emer-

gency or other contingency, any such installation with respect to which any such action has been, or is proposed to be, taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary of Commerce to the Secretary of Defense and to the Congress. The Secretary of Defense shall consider these findings in making his decision as to whether the installations should be deactivated, or, if the installation has been deactivated, as to whether it should be reactivated.

Renumber succeeding sections accordingly.

Mr. LONG of Louisiana. Mr. President, how much time do I have available?

The PRESIDING OFFICER. The Senator has 1 hour.

Mr. LONG of Louisiana. I do not plan to use the whole hour. I wish to explain the amendment and shall use only as much time as is necessary to do so, unless it runs into considerable opposition.

After offering an amendment yesterday, which went further than the proposal I am now offering, and seeking to profit by the words of wisdom uttered by those in opposition to the amendment, as well as by those who supported it, I am offering the pending amendment because I believe it may be of some value to areas where permanent military installations have been closed or will be closed.

I make the point that the amendment applies only when a permanent military installation is closed for reasons of economy. The amendment spells out the fact that if an installation is closed because of changing military requirements, or because of obsolescence, or because the installation should be moved to another area for the defense of that latter area, because of an international agreement, for instance, or because of a rearrangement of our defense plans to make them more realistic in the light of modern day problems, the amendment would not apply.

All that the amendment requires is that a study be made. A study would take place when requested by the local authorities in the community affected, and such community would have to be a distressed area.

Mr. SALTONSTALL. Mr. President, will the Senator yield at that point?

Mr. LONG of Louisiana. I yield.

Mr. SALTONSTALL. The Senator and I have discussed the amendment. I have called several points to his attention, and I believe he felt there was some merit to what I said. I suggested that, instead of having the amendment specify a local governing body in an area, because an area may not have more than a thousand people in it, that the authority should be the Governor of the State. In other words, in Louisiana, if it was felt necessary to close a permanent military installation for reasons of economy, the Governor could make the request of the Secretary of Commerce.

I have another suggestion, which I have also discussed with the Senator. I would suggest that, instead of making the year 1954, which is 7 years back, and in that time a permanent military

installation may pretty well have gone to pieces, it would be better to bring the date up, and in that connection I made the suggestion that the year be made 1957, instead of 1954.

I have one other suggestion.

Mr. LONG of Louisiana. I would be willing to so modify my amendment, unless there is objection elsewhere to the changes, if it would make the amendment more attractive to the senior Senator from Massachusetts, who is the ranking minority member of the Subcommittee on Defense Appropriations and the distinguished former chairman of that subcommittee. I hope that if the amendment is so modified the Senator from Massachusetts will find he can support the amendment I am offering.

Mr. SALTONSTALL. While I am not fully aware of what the effect of the amendment would be, I understand that it would apply where economy is the criterion, as opposed to any other consideration, such as obsolescence, a change in defense requirements, or other essential military consideration. In other words economy would be the only consideration, and the amendment would apply only in the case of economy. Furthermore, as I understand, it would apply only to a permanent military installation, such as, in Massachusetts, Fort Devens, or the Otis Air Base, or any other permanent installation.

Mr. LONG of Louisiana. May I dispose of that point first? So far as I am concerned, as the sponsor of the amendment, I have no objection whatever to the modification the Senator from Massachusetts is suggesting. As a matter of fact, I have no doubt whatever that where a State is concerned, the Governor of the State should certainly make the request, if the local citizens have substantial support in asking that the study be made.

So I should be glad to modify the amendment by using the word "Governor," and I do so.

The year 1954 is placed in the amendment only because that was the first year after the Korean war. It was the year in which there were cutbacks in military strength, and large-scale reductions in force began to occur as a result of the closing of installations. I am not certain that a single permanent installation was closed in 1954, although I do not have those facts fully before me, because, as the Senator knows, the policy of the services in most cases is to close the temporary facilities before they undertake to close the permanent installations. The permanent installations are, in most instances, those about which a service went to a local town or a local citizenry and required it to make major commitments, in some cases costing tens of millions of dollars, or to spend large amounts of money to provide schools and various other facilities. In some cases, the communities were required to provide drainage. Sometimes the service even required the community to provide the land on which the bases were situated. In many instances, tremendous investments were made by the community which constituted a saving to the mili-

tary, the assumption being that it was a permanent asset to the community and would not be taken away.

The service owes those people some consideration in return.

Mr. SALTONSTALL. I think the amendment of the Senator from Louisiana has considerable merit, but I suggest this thought—whether the thought is practical, I do not know—if the amendment is taken to conference. I think it ought to be very clear that it ought to be the Governor of a State, and not a local body, who must make the request.

Also, I should like to see the date made 1957, because both the Senator from Louisiana and I know that many buildings which have been left vacant for several years are in bad shape. I should like to see the date made 1960, but if the Senator says 1957, so far as I am concerned, as one Senator, that is all right.

Mr. LONG of Louisiana. Mr. President, I am willing to accept that modification, and I do accept it.

I point out to the Senator from Massachusetts that the amendment does not affect Louisiana, so far as I know. It might affect some other States. If the State of some other Senator is affected, I believe he can speak now or forever hold his peace, as the saying is.

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield? He said something about Senators holding their peace.

Mr. LONG of Louisiana. Does the Senator's comment relate to the amendment?

Mr. JAVITS. It relates precisely to the Senator's amendment and precisely to the Senator's point.

It is evident that the Senator has now developed an idea, and I thoroughly agree with him. My colleague from New York [Mr. KEATING] will speak for himself. However, in our State, we have a problem on exactly this point.

The Senator's proposal would give some economic appraisal apart from the strictly defense appraisal, which is what the Senator is seeking. We have talked about this problem in advance. I think the proposal is sound.

The Senator from Louisiana has accepted some suggestions from the distinguished Senator from Massachusetts [Mr. SALTONSTALL]. I do not believe any Senator would doubt the preeminent skill of the Senator from Massachusetts in the field of military affairs. However, we have not had the opportunity to ascertain whether the proposal would or would not adversely affect our installations, and we may have a real equity.

I should like to make this suggestion, therefore, because the Senator ought to have his amendment in the best shape possible. I hope that in conference we may have an opportunity, if it should develop that there is some particular factual equity which is not met by the amendment which the Senator has suggested, to lay the problem before the conference, in the hope that what we are accepting here now is an idea, and that if the specifics turn out to be unfair, we can do something about them.

Mr. SALTONSTALL. I think there is no question about that. That is an idea which appeals to me, and in its present form it appeals to me much more than it did before.

I should like to call one other possible suggestion to the attention of the Senator from Louisiana. On line 6, the language would be, as the amendment is now written:

The Secretary of Commerce shall, upon the request of the Governor of a State, institute a study.

That means that the Secretary of Commerce must make the inquiry if the Governor of a State asks him to do so.

What I propose is to let the word "shall" remain, rather than the word "may," but I call the Senator's attention to page 40 of the bill, under the heading "Advisory Policy Board." The Advisory Policy Board consists of the Secretary of Commerce, the Secretary of Agriculture, the Secretary of Health, Education, and Welfare, the Secretary of the Interior, the Secretary of Labor, and the Secretary of the Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration, or whomever they may designate.

Would the Senator consider an amendment which would allow the word "shall" to remain but provide that the Secretary of Commerce shall, upon the approval of the Advisory Policy Board, enter into this investigation? In other words, that would leave the top Federal officers having the responsibility to order the Secretary of Commerce, if this clause should be adopted, to make the inquiry for economy reasons with respect to a permanent military installation. If that Board agrees and says that the Secretary of Commerce shall do it, then I think the amendment has even more merit.

Mr. LONG of Louisiana. I am reluctant to accept the amendment because it is something more than I might be willing to agree with.

Mr. SALTONSTALL. The Senator from Louisiana objected to the word "may." I can see why. That might eliminate the whole program. But if we allowed the word "shall" to remain and then provided that the top officials of the Federal Government having responsibility for the Department of Defense, should say whether the inquiry should be made, and approve it upon the request of a Governor, I should think the amendment would be very much stronger.

Mr. LONG of Louisiana. If the Senator from Massachusetts would start from the other end, I would be willing to go with him, for it would achieve the same purpose. If the Senator would say that the Secretary shall conduct the study unless he is requested by the Board not to do so, I would be willing to accept that amendment.

Mr. SALTONSTALL. In order to get the bill to conference, and if the Senator from Illinois will accept such a proposal, I, as one Senator, would agree to it.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. I thank the Senator from Massachusetts. I think this is a very constructive amendment. It is even better in its present form. I congratulate the Senator from Louisiana. I assure him that we will not only take the amendment to conference; we will fight for it in conference.

Mr. LONG of Louisiana. I regret that at this moment I do not have the precise language developed by the Senator from Massachusetts and me relating to the proposal that the Secretary shall take this action unless he is requested by the Advisory Policy Board not to do so. If the Senator from Massachusetts will offer his proposed language at the proper place, I shall be glad to accept the amendment.

Mr. SALTONSTALL. On line 6, I would say:

The Secretary of Commerce shall, upon the request of the Governor of the State, and unless the Advisory Policy Board of the Area Redevelopment Administration shall find otherwise, institute a study.

Mr. LONG of Louisiana. Mr. President, I so modify my amendment.

Mr. KEATING. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. KEATING. As has been pointed out by my distinguished colleague from New York [Mr. JAVITS], there are installations in the State of New York which might be affected by this proposal. For example, we know that the Utica-Rome area has been classified as an area of substantial labor surplus since 1958—longer than any other area of New York State. Yet there the Department of the Air Force has underway plans to transfer an important procurement facility away from Rome. That facility, if transferred, would eliminate 6,240 civilian jobs, more than all the existing industrial jobs in Rome.

The payroll loss, including losses from payrolls of firms which are 100 percent dependent on the procurement activities now going on in Rome, N.Y., would be about \$100 million, or nearly one-third of the money proposed to be expended on the program of economic development; and such a situation would make Rome, N.Y., not only a distressed area, but actually a disaster area. The plan under consideration is simply to remove a substantial facility from the Rome Air Force Base.

Therefore, I ask the Senator from Louisiana whether he would be willing to accept a modification in line 4, after the words "permanent military installation" by inserting the words "or any substantial part thereof"; and in the next line, after the word "installation," insert the words "or part"; and further down in the amendment—without now going into any detail—insert other language to carry out that purpose, so the amendment would cover the removal of a substantial facility from an installation, as well as the removal of the entire installation itself.

Mr. LONG of Louisiana. Mr. President, I had an opportunity to discuss with him both my proposed amendment and, subsequently, the modification suggested by the Senator from New York.

I would be willing to modify my amendment so as to make it broad enough to cover the situation at Rome, N.Y., which I understand is already a depressed area.

Mr. KEATING. We do not like to use the term "depressed." It is a distressed area. The people there are not depressed.

Mr. LONG of Louisiana. Well, it is an area with a high degree of unemployment.

Mr. KEATING. Yes.

Mr. LONG of Louisiana. And it is an area of the type which we seek to aid; and I believe it should be entitled to a study of the type the Senator has referred to, and which I seek, by means of this amendment, to have conducted.

But I do not want to make the language so broad that almost any shift of a facility at a military installation could, upon the request of someone, be made the subject of such a study.

Rather than include the word "substantial," would the Senator from New York be willing to use the word "major"—"or a major part thereof"? I think that would be broad enough to cover such a situation.

Mr. KEATING. I think this particular situation certainly would be covered by the words "or a major part thereof." It consists of approximately 6,200-odd civilian jobs, out of 12,000 or 13,000.

Mr. JAVITS. Would the Senator accept the word "unit"—"a major unit"?

Mr. KEATING. With this legislative history established, I believe the language would take care of that situation; and I would be glad to have the amendment modified in that regard. I would like to ask unanimous consent—because if this proposed modification is accepted, it will require several changes later on in the measure—

Mr. LONG of Louisiana. Yes, changes of a technical nature.

Mr. KEATING. So I would ask unanimous consent a little later to send them to the desk, for consideration.

Mr. LONG of Louisiana. I would not object to the proposed modification, with the understanding that the legislative history reflects that what we have in mind by the use of the word "major" is a large unit which is a dominant part of the overall installation; and I believe that the legislative history makes it clear that it is anticipated that the amendment would be broad enough to cover a situation of the kind the Senator from New York has described, in the State of New York.

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield briefly to me?

Mr. LONG of Louisiana. I yield.

Mr. JAVITS. I suggested to my colleague the inclusion of the word "unit," because we are dealing with an entity. That does not mean it is a major part of the entire installation; but it means that in and of itself it is a major unit which is a part of the installation. That language certainly would cover the installation at Rome, N.Y., and would be fair, because some of the installations are so extensive that, as has properly been stated, if 7,000 jobs were dropped out at the installation at

Rome—because of the dropping of a unit which is a major one in that connection—it might not be a major part of the installation, taken as a whole. So the legislative history should show that by using the word "unit," we mean a functional organization of a major character.

Mr. LONG of Louisiana. I believe the Senator will find that such a distinction is not necessary. The situation I have heard described is one in which approximately 6,200 or 6,800 jobs are involved, out of approximately 18,000. So what we are talking about is both a major unit and a major part of the whole. With that understanding, I would be willing to accept that modification of the amendment.

Mr. CARLSON. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG of Louisiana. I yield.

Mr. CARLSON. As I have listened to the debate, it has seemed to be built around the situation in the city of Rome, N.Y. I wish to be sure that the amendment is general in application, when it comes to dealing with units within a unit. For example, I have in mind the naval air installation at Olathe, Kans.; and I want to be sure that the amendment will be general in application, and will not be confined to one city.

Mr. LONG of Louisiana. This amendment applies only to permanent military installations. But as among permanent installations, the amendment applies generally. It relates only to a situation in which a principal reason for the closing is economy. Many times the economy has been dictated by a decision to reduce the overall strength in terms of the numbers in the service; and when the numbers are considered, it is said, "Economy now requires the closing of the installation." But such a closing may result in the creation of depressed areas.

Mr. CARLSON. I think the Senator from Louisiana has a very worthwhile amendment; and I think that with this addition, so that the amendment will be applicable generally, it is a very good one.

Mr. LONG of Louisiana. There occurs to me the thought that it would be well if we could get some action taken by the military, so that in making the decisions in regard to what to close and what to keep open, the military would consider that in the case of one area, if the installation were closed, the result would be that the land there would quickly be subdivided into lots for the construction of private residences, whereas in another case, if the installation were closed, the facilities already in existence there would soon become a ghost town, and the people who had invested in those properties would lose their investments.

I hope such a study will be made; and I hope that on the basis of the study we shall be able to obtain action based on much more consideration by those in the Defense Department of the persons who have made such enormous investments—with the result that they will not hesitate to make such investments in areas which are subject to the jurisdiction of the

Defense Department, knowing that the installations will not later be closed.

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. JAVITS. I think the Senator from Louisiana has served all of us and also the entire country well in providing by this means opportunity for an economic review, which is as greatly needed in connection with other cases about which there is great economic complaint as it is needed in connection with the situation at Rome, N.Y.

Let me ask whether unanimous consent was obtained to make the changes suggested by my colleague, which the Senator from Louisiana has agreed to accept?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I now send to the desk certain technical modifications. For the most part they relate to the words "a part", which I would change to the words "a unit", so as to make the entire amendment conform to the modifications suggested by the Senator from New York.

The amendment as modified is as follows:

On page 79, between lines 13 and 14, insert a new section as follows:

"MILITARY INSTALLATIONS IN REDEVELOPMENT AREAS"

"SEC. 27. Whenever economy, as distinguished from obsolescence, changing defense requirements, and other essentially military considerations, has been or is hereafter given by the Department of Defense as the principal reason for the deactivation of a permanent military installation or major unit thereof and such installation or unit was or is situated in an area determined under this Act to be a redevelopment area, the Secretary of Commerce shall, upon the request of the Governor or Governors of the State or States in which the area is located unless there is a request by the Board heretofore referred to in Sec. 4(a) hereof to the contrary, institute a study to determine the economic effects of the action which has been or is to be taken: *Provided*, that nothing herein shall apply to any military installation or major unit thereof which was deactivated prior to 1957. In determining the economic effects of any such action, the Secretary of Commerce shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

"(1) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

"(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

"(3) the approximate cost to the Government of relocating any such installation or unit in the event that such installation or unit has been, or will be, relocated; and

"(4) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such in-

stallation or unit with respect to which any such action has been, or is proposed to be, taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary of Commerce to the Secretary of Defense and to the Congress. The Secretary of Defense shall consider these findings in making his decision as to whether any such installation or unit should be deactivated, or, if such installation or unit has been deactivated, as to whether it should be reactivated."

Renumber succeeding sections accordingly.

Mr. MILLER. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG of Louisiana. I yield.

Mr. MILLER. I am concerned a little about the timing of all this. For example, in reference to the words "whenever economy" is hereafter given by the Department of Defense as the reason, let me ask, To whom is it to be given?

Mr. LONG of Louisiana. That is something the Department of Defense itself can judge. In most instances it is given to the local people or to the State government or to the local government, when they are notified that the Department of Defense is about to close a base, and the Department explains the reasons for doing so.

Mr. MILLER. That is just the point. My problem is that the local people who make this request to the Governor will probably—unless something is done about the timing, in line 3—take such action after the decision has been made.

Furthermore, in the third line from the bottom, mention is made of how he will have to consider the findings arrived at in the study, before he makes the decision.

It seems that some provision should be made, in order to make clear that whenever there is a proposed deactivation, notification must be made prior to the decision to close it—for example, must be made to the Governor of the State; and, in turn, that would then generate the taking of the action which I think the Senator is requesting. But without that provision, it seems to me that much room would be left open to the Secretary of Defense as to how he would notify, and whom he would notify, and when he would notify.

Does the Senator from Louisiana agree with me about that point?

Mr. LONG of Louisiana. I believe I understand what the Senator from Iowa is striving to achieve. I am not at all out of sympathy with what he has in mind. If he will prepare an amendment which will seek to reach that objective, I shall be glad to have him do so.

Mr. MILLER. I shall be happy to do so. If some other Senator wishes to address the Senate for a moment on this point, I shall proceed to prepare the necessary amendment.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that, if my amendment is agreed to, it may remain subject to an amendment offered by the Senator from Iowa.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Mr. President, what is the question?

The PRESIDING OFFICER. The question is whether an amendment by the Senator from Iowa can be offered.

Mr. DIRKSEN. I have no objection, but—

Mr. LONG of Louisiana. The suggestion is that the Senator from Iowa would like to offer an amendment to my amendment. He does not have the amendment prepared. I asked unanimous consent that, in the event my amendment is agreed to, the Senator from Iowa may, nevertheless, have the opportunity of offering the amendment.

Mr. DIRKSEN. I have no objection. Mr. President, what is pending? Has there been a disposition of the amendment or the request?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG], as modified.

Mr. DIRKSEN. Is that the business pending before the Senate?

The PRESIDING OFFICER. That is correct.

Mr. THURMOND. Mr. President—

Mr. DIRKSEN. Mr. President, if the Senator from South Carolina has the floor, and if he will yield, I should like to say I am opposed to the amendment—

Mr. THURMOND. Mr. President, I have not yielded the floor.

Mr. DIRKSEN. I am sorry.

Mr. THURMOND. I shall be glad to yield to the Senator, but I merely wanted to ask the Senator from Louisiana a question or two. Then I shall be glad to hear what the Senator has to say about it.

Mr. DIRKSEN. Very well.

Mr. THURMOND. We have in our State an airbase that has been scheduled for deactivation. Local people are bringing great pressure to retain it. It is a fine airbase. We think possibly another one could have been closed in an area where the weather is not as good as it is in our State. Nevertheless, the plan is to close it. It is not in a depressed area, and that area probably never will be a depressed area.

I ask the Senator from Louisiana, under his amendment would that kind of military installation go by the board, and yet one in a depressed area, which may not have as many advantages as bases such as this one, be retained?

Mr. LONG of Louisiana. If the closing of the installation would result in a depressed area, and if it were a permanent installation, then, of course, it would be subject to a study as provided by the amendment.

Mr. THURMOND. Under the Senator's amendment, does the Defense Department have the clear-cut right to make the decision as to whether a military installation should be retained or should be closed?

Mr. LONG of Louisiana. Yes; the decision remains unfettered in the Defense Department. The only way in which the amendment would affect it would be that the Department would have to consider the fact that the situation was such that, if the installation was closed, it would result in a depressed area; or, if it were closing an installation in a depressed area, that the area would be

further depressed and would result in a serious economic condition in the area. The Department would have to consider the fact that the State and the Federal Government had spent much money to support the activity.

The Department would have to consider the private investment without which the Federal Government would have been required to spend as much money, or almost as much. The Department would be required to consider what the cost would be of relocating the installation or reopening it, in the event there was a probability it would be reopened sooner or later.

Mr. THURMOND. Is the proposal intended to apply to installations which might be closed and then reopened or to bases which are to be permanently deactivated?

Mr. LONG of Louisiana. Either way.

Mr. THURMOND. The Senator would not, of course, offer an amendment which would attempt to keep a military installation open if it would be economical to close it and to the advantage of the taxpayers to close it, I am sure, even in his own State.

Mr. LONG of Louisiana. No; but the amendment certainly gets at the kind of situation where the Army goes into a certain area and calls upon the local people to build housing, on which the Government is guaranteeing mortgages. Local investors build \$100 million worth of housing, and then the Department comes to the conclusion that it is going to save \$2 million a year or \$5 million a year by closing the installation, and puts blinders on its eyes and is not able to see that \$100 million is going to be lost in the way of guarantees on mortgages for the housing the servicemen occupy.

The amendment would make the Department take a look at the situation, and also what other agencies of the Government, such as the Small Business Administration, had expended, and the cost of hospitals and schools, and the fact that a lot of money would be lost for unnecessary schools and other facilities. The Department would also have to consider the fact that taxes are being paid to the State and local governments, and that the Federal Government would not be gaining anything by increasing the tax for the State government. The Department would have to consider whether, in the name of economy, if one service, whether it be the Navy, Army, or Air Corps, were to save money, the Federal Government might lose much more through other agencies, or lose the State money by completely disturbing the economy and the investment made, which would have to be reproduced elsewhere. It might then reach the conclusion that there was no real economy being arrived at, and that, rather than save money, the Government would lose money.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. MANSFIELD. As I read the amendment, it calls for a study. The decision is to be made by the Secretary of Defense. The study is to be sent to the Governor of the State where the in-

stallation is located. Is that correct?

Mr. LONG of Louisiana. Yes.

Mr. MANSFIELD. It is permissive. It permits a study to be made, but the Defense Department will make the decision, after the report is received.

Mr. LONG of Louisiana. Yes. Some persons do not seem to recognize that when local citizens have been told that the base is to be permanent and is going to be there forever, they invest \$50 million or \$150 million of their money to support the military installation, on the assumption that it will remain until the end of time. Then, within a year or 2, the installation closes, and a depressed area results, with half the people in the area out of work.

Otherwise the Department may open another installation where it is not needed any more badly, where no one has made any sacrifice to support the installation, because in that area people would have bought the land, subdivided it into lots, and made good use of it, anyway.

Mr. THURMOND. No one wishes to see a military installation closed unless it is necessary. We are now moving from airplanes to missiles. Certain airbases may not be needed, or they may have to be transformed into missile bases. The airbase may or may not be suitable for that purpose.

Suppose that the Defense Department decided it could close a large number of airbases and save the taxpayers millions of dollars in the support of those bases because they were not needed. Under those conditions what effect would the Senator's amendment have, and would the Defense Department be handicapped in making a decision that it did not need those bases?

Mr. LONG of Louisiana. Let me read the first two lines of the amendment:

Whenever economy, as distinguished from obsolescence, changing defense requirements, and other essentially military considerations, has been or is hereafter given by the Department of Defense as the principal reason for the deactivation of a permanent military installation or major unit thereof.

In other words, if an airbase was to be closed because the Air Force is to change from airplanes to missiles, that would be the end of the discussion. The people would not be entitled to a study even if they had invested \$50 million to support the activity on the assumption that it would be permanent.

However, if an airbase were to be closed on the theory that the Federal Government might save some money, and that were the main reason for the closing, the people would be entitled to a study. First it should be determined whether the closing would represent an economy. Such a study cannot be made within the Department of the Army, or the Navy, or the Air Force. Someone must determine how much money the local citizens have invested.

Recently I had a discussion with the representatives of one of the services in regard to an installation. The local people had undertaken to show the tens of millions of dollars they had invested

to meet service requirements on the theory there was to be a permanent military installation. The service did not have the information, even though it required the people to spend hundreds of millions of dollars. I assume that many billions of dollars have been spent by local governments and local people for these purposes.

An inquiry should be made. The services have made the local people do these things. At least the service should take a look at the problem, to see what they have made the people do, before the word is broken and the military installation is closed down.

That is all the amendment would require. It would be necessary to take a look at the proposal, and there would be limited circumstances. The installation would have to be permanent. The closing would have to be for the principal reason of economy.

A mere study is the least the people should have. I would hope that a study could be obtained without the amendment in the law, but that is the least the people have a right to expect, after they have made such great sacrifices.

Mr. THURMOND. Then I understand that the purpose of the Senator's amendment is not to prevent the Department of Defense from acting if it deems it advisable to act in the interest of the country and of national defense.

Mr. LONG of Louisiana. No; it is not.

Mr. DIRKSEN. Mr. President, I shall not detain the Senate. I regret now that we did not kill the amendment last night. To be sure, the amendment has been radically changed. It is supposed to call for a study.

There is not a shred of military opinion before the Senate tonight, yet the amendment would affect the Defense Establishment of the country.

It is argued that these are permanent installations and that they are a part of our defense. What the amendment would provide is that the local people, who do not wish to lose a military installation—which might be closed for various reasons, including economy—could go to the Governor. How could a Governor resist a group from a town, the board of trustees or the city council? He would make a request to the Secretary of Commerce. What would the Secretary do? With the consent of the Advisory Council, the Secretary would cause a study to be made.

What would the study be? It would be the result of a monumental amount of work to determine the facts as to transfers, as to a change from one installation to another, and everything which goes with it. The study would include all aspects of the problem of whether the move would save money or lose money, and how the Government agencies would be affected.

What a burden would be put upon the Military Establishment of the country. There is not a shred of testimony before the Senate in this regard.

I am not going to ask for a yea-and-nay vote. I am sorry we did not kill the amendment last night, but I could not get a commitment from the Senator from Louisiana.

I know, of course, when there is a permanent establishment in a State, what will happen. The people will go to the Governor. The Governor will telephone to Luther Hodges and ask Mr. Hodges to submit the problem to the Advisory Council. We will burden the Secretary of Commerce with no end of detail and studies, and then ride herd on him to make sure it is expeditiously done, because it is provided that the study shall be conducted as expeditiously as practicable.

There are questions of obsolescence, of economy, of changes in posture, of changes in defense conditions. The sky is the limit as to the amount of work to be done.

We should not kid ourselves. Even though the amendment has been transformed into nothing more than a request for a study, it is a great compulsive weapon we are asked to put into the hands of people, and it could have an impact upon the defense structure of the country.

I am ready to vote, and I ask for a division on the amendment.

Mr. LONG of Louisiana. Mr. President, I shall take only 1 or 2 minutes to respond to the distinguished minority leader.

I make no apologies for offering an amendment yesterday nor for fighting for my people. I would hope that a study would be made with regard to one community in my State which I believe is nearly as depressed as any we seek to aid. The people understood the Army was to pay \$50 million a year to obtain a maneuver area. The people said, "We will get it for you for nothing." The people did so, on the assumption that the installation would be a permanent military installation.

The people were told a few years later that the Army intended to close the installation. Vast investments had been made by the people.

I hope other Senators have had the experience I have. I hope any Senator who votes against the amendment will have the experience, because he will learn to understand what I am talking about now.

Tens of millions of dollars have been invested. Half of the stores on the main street of the town are closed. One can hardly even talk to the service about it. The decision has been made. When the homefolks come to Washington, it is impossible to explain to them why they should go broke and be put out of business. The people bonded themselves head over heels into debt, and the service has broken its word to them, yet the service will not even consider all of the obligations which have been made, and did not even know what the people invested when the decision was made.

I know how the services make these decisions. The services know there will be a protest. There are specialists in the Department of Defense who listen to people, who smile, who give a kind word—and that is the end of it. The decision is made, and it will not be changed.

I am saying that the people are entitled at least to some study, to consider all of the things which are involved, when an area is to be made a depressed area.

Mr. President, there would be no burden imposed on the Secretary of Defense. He would not be required to do anything other than to consider the report when it reached him.

Great investments have been made by the people, and the people are entitled to some consideration, at least. The facts should be made known, and they are not being made known now, although people are losing their investments.

I think these things should be considered in such circumstances.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Louisiana [Mr. LONG] to the committee amendment.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time. I ask for a division on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG], as modified.

On a division, the modified amendment to the amendment was rejected.

The PRESIDING OFFICER. The committee amendment, as amended, is open to further amendment.

Mr. DOUGLAS. Mr. President, let us vote on the committee amendment. Let us pass the bill with a large majority, to show that we are behind the program of the President of the United States.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, in the nature of a substitute, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The committee amendment, as amended, being in the nature of a substitute, is not open to further amendment.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. DIRKSEN. Mr. President, I yield back my remaining time on the bill.

Mr. DOUGLAS. Mr. President, I yield back my remaining time.

The PRESIDING OFFICER. All time has been yielded back.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER (when his name was called). On this vote I have a pair with the junior Senator from Arkansas [Mr. FULBRIGHT]. If he were present, he would vote "yea." If I were at liberty to vote, I would vote "nay"; I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Arizona [Mr. HAYDEN], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Minnesota [Mr. MCCARTHY], are absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY], is necessarily absent.

I further announce that, if present and voting, the Senator from Arizona [Mr. HAYDEN], and the Senator from New Mexico [Mr. CHAVEZ], would each vote "yea."

On this vote, the Senator from Alaska [Mr. BARTLETT] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Arizona would vote "nay."

On this vote, the Senator from Minnesota [Mr. MCCARTHY] is paired with the Senator from Texas [Mr. BLAKLEY]. If present and voting, the Senator from Minnesota would vote "yea" and the Senator from Texas would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent because of death in his family.

The Senator from Vermont [Mr. PROUTY] is absent by leave of the Senate because of illness.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent, and is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from Arizona would vote "nay" and the Senator from Alaska would vote "yea."

The result was announced—yeas 63, nays 27, as follows:

[No. 15]
YEAS—63

Anderson	Hart	Morse
Beall	Hartke	Morton
Bible	Hickey	Moss
Boggs	Hill	Muskie
Burdick	Humphrey	Neuberger
Bush	Jackson	Pastore
Byrd, W. Va.	Javits	Pell
Cannon	Johnston	Proxmire
Carlson	Jordan	Randolph
Carroll	Keating	Saltonstall
Case, N.J.	Kefauver	Scott
Church	Kerr	Smith, Mass.
Clark	Long, Mo.	Smith, Maine
Cooper	Long, Hawaii	Sparkman
Dodd	Long, La.	Symington
Douglas	Magnuson	Talmadge
Engle	Mansfield	Wiley
Ervin	McGee	Williams, N.J.
Fong	McNamara	Yarborough
Gore	Metcalf	Young, N. Dak.
Gruening	Monroney	Young, Ohio

NAYS—27

Aiken	Dirksen	Miller
Bennett	Dworshak	Mundt
Bridges	Eastland	Robertson
Butler	Ellender	Russell
Byrd, Va.	Holland	Schoeppel
Capehart	Hruska	Smathers
Case, S. Dak.	Kuchel	Stennis
Cotton	Lausche	Thurmond
Curtis	McClellan	Williams, Del.

NOT VOTING—10

Allott	Fulbright	McCarthy
Bartlett	Goldwater	Prouty
Blakley	Hayden	
Chavez	Hickenlooper	

So the bill (S. 1) was passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than merely transferring jobs from one community to another.

AREA REDEVELOPMENT ADMINISTRATION

SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of

unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

REDEVELOPMENT AREAS

SEC. 5. (a) The Secretary shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in subparagraphs (1) and (2) below, that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection. Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under section 350 of the Tariff Act of 1930, as amended, with respect to which the President has reported to the Congress under section 4(a) or 7(c) of the Trade Agreements Extension Act of 1951, as amended, and meeting the standards of unemployment set forth in this section shall be entitled on application to special consideration by the Secretary for designation as a redevelopment area.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before making any loans as the result of designations under this subsection, the Secretary shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the extent to which "rural development" projects have previously been located in any such area under programs administered by the Department of Agriculture, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each area which has been receiving public assistance from the Federal Government and/or from the State or States in which such area is located or from any municipality therein. In making the designations under this subsection, the Secretary shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual ex-

perience with this program may be had in as many States and in as many areas and under as many different circumstances as possible: *Provided*, That not more than one such project shall be located in any one State unless the Secretary has considered such applications for assistance under this Act as may have come from the several States which apply for such assistance. In making these determinations, the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate, are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area and may include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (including participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment in cases of demonstrated need) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) above shall not be construed to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch affiliate, or subsidiary: *Provided*, That such assistance will not substantially decrease employment in the area of original location.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000;

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor;

(8) Such loans shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans under this section;

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in cases of demonstrated need, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan;

(C) That in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources; and

(D) That to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project;

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act

shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

(c) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in redevelopment areas designated under section 5(a), and not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in redevelopment areas designated under section 5(b).

PUBLIC FACILITY LOANS FOR INDUSTRIAL OR COMMERCIAL PURPOSES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that such facilities will serve primarily industrial or commercial needs and that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) No loan under this section shall be for an amount in excess of 65 per centum of the aggregate cost of the project for which such loan is made. Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-quarter of 1 per centum per annum.

(c) In making any loan under this section, the Secretary shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is located or by the Indian tribe on whose reservation such project is located as equity capital or as a loan. In determining the amount of participation required under this subsection with respect to any particular project, the Secretary shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

(d) To the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in

full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(e) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(f) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

PUBLIC FACILITY GRANTS FOR INDUSTRIAL OR COMMERCIAL PURPOSES

SEC. 8. (a) The Secretary may conduct studies of needs in the various redevelopment areas throughout the United States for, and the probable cost of, land acquisition or development for public facility usage in serving industrial or commercial needs, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities to serve such needs within such areas, and may receive proposals from any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area, or part thereof, relating to land acquisition or development for such public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of such public facilities within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Secretary, in consultation with such entity, is authorized to modify all or any part of such proposal.

(b) The Secretary, pursuant to a proposal received by him under this section, may make grants to any State, or political subdivision thereof, Indian tribe, or public or private nonprofit organization or association representing any redevelopment area, or part thereof, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area, if he finds that such facilities will serve primarily industrial or commercial needs and that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section

6(b) (10) and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(c) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(e) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

FUNDS FOR LOANS

SEC. 9. (a) To obtain funds for loans under this Act, the Secretary may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Any such notes or other obligations which are issued by the Secretary to raise funds for loans under section 6 shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. Any such notes or other obligations which are issued by the Secretary to raise funds for loans under section 7 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

(b) In the performance of and with respect to the functions, powers, and duties

vested in him by sections 6 and 7 of this Act, the Secretary shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. Subject to section 24, the Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. Subject to section 24, in carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF SECRETARY

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Secretary shall determine, and pay the costs of qualifications of certain of them as notaries public;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or

otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Secretary may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly non-residential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public

agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) The aggregate amount of capital grants which may be contracted for under this title with respect to projects for the redevelopment of urban renewal areas for predominantly nonresidential uses, under the second proviso of the fifth sentence of section 110(c), may be increased by an amount not to exceed 10 per centum of the aggregate amount of new grant contract authority provided after September 23, 1959, whenever the Administrator determines (1) that an increase in such amount is necessary in order to provide financial assistance under this section, and (2) that such assistance is not otherwise available because of the limitation contained in such proviso."

URBAN PLANNING GRANTS

SEC. 15. (a) Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

(b) Section 701(b) of such Act is amended by adding before the period at the end of the first sentence a colon and the following: "*Provided*, That a grant may be made under clause (A) of paragraph (3) of subsection (a) of this section for not more than 75 per centum of such estimated cost".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be available, and shall make appropriate provision for such supervision by the appropriate agency as is necessary to the successful operation of any training program established under this section. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies

and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,600,000 annually, as may be necessary to carry out the provisions of this section.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied weekly training benefits because of this paragraph is not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law, this paragraph shall not apply.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary in the administration of this Act, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No loan shall be made by the Secretary under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise, for a period of two years after any assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of approved applications for loans which shall be kept available for public inspection during the regular business hours of the Department of

Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not approve any project involving the contribution of Federal funds without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

REPORTS

SEC. 22. The Secretary shall make comprehensive and detailed semiannual reports to the Congress of his operations under this Act for each six-month period of each fiscal year beginning with the fiscal year ending June 30, 1962. Such reports shall be printed and shall be transmitted to the Congress not later than January 3 and June 30 of each year following the fiscal year with respect to which such reports are made. Such reports shall show, among other things, (1) the total number of unemployed persons in redevelopment areas, (2) the total principal amount of loans under this Act which are outstanding, the aggregate expenditures incurred by the Government in providing grants and other forms of assistance under this Act, and the administrative expenses incurred by the Government in providing assistance under this Act, (3) the number of applications for assistance under this Act which are pending and the total amount of assistance requested in such applications, (4) the number of industrial or commercial enterprises which have commenced or expanded operations in redevelopment areas as a result of assistance under this Act, the total asset value of such enterprises, and a description of each such enterprise in terms of whether it is a wholly new business enterprise, an enterprise which has moved from another area, or a branch of an existing business enterprise located elsewhere, (5) the total number of jobs created in each economically distressed area as a result of assistance extended under this Act, (6) the sum obtained by dividing the total amount of Federal assistance extended under this Act (including the administrative expenses incurred by the Government in extending such assistance) by the number of jobs created as a result of such assistance, (7) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (8) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services

shall furnish to the Secretary such information as may be necessary for the purposes of clauses (7) and (8) above.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) The Secretary may, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis. The Secretary shall exercise the authority contained in the preceding sentence whenever such exercise will avoid the duplication of existing staffs and facilities.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to section 25, may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed one such position may be placed in such grades under this subsection, to be assigned to the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

DELEGATION OF FUNCTIONS

SEC. 25. The Secretary, with the approval of the President, is authorized to delegate to the heads of other departments or agencies of the Government such functions, powers, and duties which are conferred upon him by this Act as he deems appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments or agencies.

RECORDS AND AUDIT

SEC. 26. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

TERMINATION OF AUTHORITY

SEC. 27. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

DEFINITIONS

SEC. 28. As used in this Act, the term "State" means any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico; and the term "United States" refers to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

Mr. HUMPHREY. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. DOUGLAS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I wish to take this occasion to express my congratulations to the distinguished Senator from Illinois [Mr. DOUGLAS] for the masterful way in which he has handled the complicated piece of legislation which we have passed. All of us have learned a great deal from the debate. No Member of the Senate is more enlightening and at the same time more exciting and more interesting in his discussion of a complicated issue than is the distinguished senior Senator from Illinois.

I am sure that I speak for all our colleagues on both sides of the aisle when I say that this has been a job well done, and that no Senator is more deserving of the honors and plaudits of the administration for bringing this bill before the Senate and then having it passed by the Senate than is the distinguished senior Senator from Illinois.

Mr. SPARKMAN. Mr. President, I wish to join the Senator from Minnesota in what he has said. Let us remember that this is the third time the distinguished senior Senator from Illinois has steered this legislation through the Senate. Of course, we know that it fell by the wayside heretofore, because of Presidential vetoes. However, I feel confident that this time the bill will become law and will be a beneficial program for the country. I join in congratulating the distinguished senior Senator from Illinois for the tremendous job he has done.

Mr. MANSFIELD. Mr. President, I join my distinguished colleagues the Senator from Minnesota and the Senator from Alabama in what they have had to say about the distinguished senior Senator from Illinois, who has once again steered a depressed areas bill through the Senate. He has worked on the site in some of these areas at the

direction of the President of the United States. He has introduced other bills and has had other bills passed by the Senate. I am certain that the bill we have passed will not meet the fate which similar bills have met on two previous occasions. I extend my congratulations to him for a job well done.

Mr. MORSE. Mr. President, I merely wish to point out that once again the Senator from Illinois has demonstrated his statesmanship in the Senate. It does not surprise me, but it does please me. I thank him.

Mr. HUMPHREY. I believe the Senator from Illinois is deserving of the medal of New Frontiersman No. 1.

Mr. LAUSCHE. Mr. President, while I did not see eye to eye with the Senator from Illinois, I wish to commend him for his persistence and valiance in presenting the cause intelligently, so that it was understood by all Senators.

Mr. DOUGLAS. Mr. President, I thank my colleagues. I know that their praise is undeserved. The credit for the bill goes in large part to the staff, and also to the devoted members of the Committee on Banking and Currency, whose crucial votes enabled us to bring the bill to the floor, and to the Members of the Senate who supported it on the floor.

No one claims that the bill, if enacted into law, will cure unemployment. It will not cure all the unemployment in the depressed areas. We do not wish to give an exaggerated idea of its importance. We simply say that it will be of help; that is all.

Mr. CAPEHART. Mr. President, it is quite refreshing to see the mutual admiration society in operation again, as it has been so often.

THE INTERSTATE HIGHWAY SYSTEM—COMMUNICATION FROM THE PRESIDENT

The PRESIDING OFFICER. (Mr. PELL in the chair). The Chair lays before the Senate a communication from the President of the United States, relating to the Interstate Highway System.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the communication be printed in the RECORD, and, with the accompanying document, be referred to the Committee on Public Works, and the Committee on Finance, to consider the matters under their respective jurisdictions.

The PRESIDING OFFICER. Without objection, it is so ordered.

The communication from the President is as follows:

THE WHITE HOUSE,

Washington, March 14, 1961.

Hon. LYNDON B. JOHNSON,
President of the U.S. Senate,
Washington, D.C.

MY DEAR MR. PRESIDENT: I am transmitting herewith the draft of a bill which will make it possible to complete our Interstate Highway System by 1972. The program will be financed on a pay-as-you-go basis.

I am convinced that either stretching out or cutting back our highway program would be unwise. It would be

particularly unfortunate today, when our economy needs the growth, our people need the safety, and our national defense needs the security that this program helps provide. Unless this legislation is enacted promptly, apportionments to the States will have to be reduced substantially below desired levels.

This is a sound method for resolving the difficulties the program now faces and for meeting our responsibilities to the future.

I am also enclosing a letter from the Secretary of Commerce dealing with the measure.

Sincerely,

JOHN F. KENNEDY.

AMENDMENT OF BACON-DAVIS ACT

Mr. HUMPHREY. Mr. President, on behalf of myself and the Senator from California [Mr. KUCHEL], I earlier today introduced a bill to amend the so-called Davis-Bacon Act—relating to the payment of prevailing wages on Federal construction work. This law was first enacted in 1931 and was considerably revised in 1935 to represent what was then a comparatively effective instrument for preventing the purchasing power of the Federal Government from undermining existing labor conditions in the construction industry.

Since 1935, however, experience has revealed many drawbacks in the framework for administering the Davis-Bacon Act. In fact, changing conditions in the construction industry have required a new look at the way the act operates today. That is the purpose of this bill—namely, to provide a basis for taking a new and more realistic look at the Davis-Bacon Act.

Since 1935 the Secretary of Labor has confined himself to determine the basic hourly wage rate as the only prevailing rate required by the act. Nowadays, however, this basic hourly wage rate falls far short of reflecting the actual hourly labor costs on construction jobs. Collective agreements throughout the industry now cover many additional payments for the welfare of workers—payments which did not exist in 1935. For example, most agreements in many areas of the country now provide for payments, on an hourly, or payroll basis, to so-called health and welfare funds, so as to provide much needed sick and hospital and medical benefits to construction workers and their families. Payments are also frequently required to be made to pension funds and to supplementary unemployment benefit funds. Many agreements also require payments to various training funds of direct benefit to journeymen and apprentices whose skills are the lifeblood of the construction industry and the mainstay of those who depend upon this great industry for their livelihood.

Recent surveys have shown that the payments to these funds are not only a substitute for direct wage increases which workers would otherwise have received as a part of their basic hourly wage rate but, in addition, that these payments now are a very large part of

H. Res. 91, to print as a House document with 1,000 additional copies for the Committee on Interior and Insular Affairs, "Operating Principles, Fryingpan-Arkansas Project" (H. Rept. 135);

H. Res. 104, to print for the use of the Committee on Un-American Activities 6,000 additional copies of its annual report for the year 1960 (H. Rept. 136);

H. Res. 201, to print for the use of the Committee on Un-American Activities 32,000 additional copies of "The House Committee on Un-American Activities, What It Is—What It Does" (H. Rept. 137);

S. 451, to authorize distribution of the Congressional Record to former Members of Congress requesting such copies (H. Rept. 138);

S. Con. Res. 7, to print as a Senate document, with 5,000 additional copies for the Senate Committee on Foreign Relations, a compilation of the studies of U.S. foreign policy as prepared by that committee (H. Rept. 139);

S. Con. Res. 15, to print as a Senate document with 4,000 additional copies for the use of the Senate Committee on Appropriations, a report entitled "A Report on U.S. Foreign Operations" (H. Rept. 140);

Twenty-three private bills, H.R. 1368, 1453, 1572, 1578, 1704, 1871, 1886, 1873, 2101, 2158, 2331, 2681, 4217, 1379, 1393, 1481, 2138, 2143, 2179, 2180, 2816, 5179, and 5180 (H. Repts. 141-163);

S. 307, authorizing certain beach erosion control of the shore in San Diego, Calif. (H. Rept. 164);

H.J. Res. 32, to designate the 1st day of May of each year as Law Day, U.S.A. (H. Rept. 165);

H.J. Res. 143, authorizing the President of the U.S. to proclaim the week in May of each year in which falls the third Friday of that month as National Transportation Week, amended (H. Rept. 166);

Report of the Joint Committee on Atomic Energy entitled "Proposed Agreement for Cooperation for Mutual Defense Purposes Between the Government of the United States and the Government of Italy" (H. Rept. 167); and

H.R. 4363, relating to State taxation of interstate commerce (H. Rept. 168).

Pages 3820-3821

Clerk Hire Allowance: Adopted H. Res. 219, to increase the basic clerk hire allowance of Members of the House by an additional \$3,000 per annum and authorizing one additional clerk for each Member.

Pages 3814-3816

Committee Expenses: By voice votes the House adopted the following resolutions providing funds for expenses of the following committees:

H. Res. 189, to provide \$10,000 for necessary miscellaneous expenses of the Committee on the District of Columbia;

H. Res. 200, to provide \$5,000 for necessary expenses of the Committee on Banking and Currency; and

H. Res. 204, to provide \$150,000 additional funds for the Committee on the Judiciary to enable it to carry out its obligations under Public Law 86-272. Adopted an amendment that reduced the amount from \$165,000 to \$150,000.

Page 3816

Postal Laborer: Adopted H. Res. 225, authorizing the employment of one additional laborer for the Office of the Postmaster of the House at a basic salary of \$1,650.

Pages 3816-3817

Smithsonian Appointment: Passed and sent to the Senate H.J. Res. 176, to provide for the reappointment of Dr. Jerome C. Hunsaker as Citizen Regent of the Board of Regents of the Smithsonian Institution.

Page 3817

Printing Resolutions: Adopted by voice votes the following resolutions, all of which authorize the printing of certain documents:

H. Con. Res. 51, to print as a House document with 50,000 additional copies for committee and House distribution of "Facts on Communism—Volume II, The Soviet Union, From Lenin to Khrushchev";

H. Con. Res. 81, to print as a House document with 132,000 additional copies for House distribution of the brochure entitled "How Our Laws Are Made";

H. Con. Res. 142, to print for the use of the Committee on Un-American Activities 100,000 additional copies of "Communist Target—Youth," 86th Congress.

H. Res. 91, to print as a House document with 1,000 additional copies for the Committee on Interior and Insular Affairs, "Operating Principles, Fryingpan-Arkansas Project";

H. Res. 104, to print for the use of the Committee on Un-American Activities 6,000 additional copies of its annual report for the year 1960;

H. Res. 201, to print for the use of the Committee on Un-American Activities 32,000 additional copies of "The House Committee on Un-American Activities, What It Is—What It Does";

S. Con. Res. 7, to print as a Senate document, with 5,000 additional copies for the Senate Committee on Foreign Relations, a compilation of the studies on U.S. foreign policy as prepared by that committee; and

S. Con. Res. 15, to print as a Senate document with 4,000 additional copies for the use of the Senate Committee on Appropriations, a report entitled "A Report on U.S. Foreign Operations."

Pages 3817-3818

Congressional Record Distribution: Passed and cleared for Presidential consideration S. 451, to authorize distribution of the CONGRESSIONAL RECORD to former Members of Congress requesting such copies.

Page 3818

Quorum Call: During the proceedings of the House today one quorum call developed and it appears on page 3815.

Lobbyists: The compilation by the Secretary of the Senate and the Clerk of the House of all registrations and quarterly reports for the fourth quarter of 1960 filed by persons engaged in lobbying activities, appears in this issue of the Congressional Record. Pages 3823-3847

Program for Thursday: Adjourned at 1:06 p.m. until Thursday, March 16, at 12 o'clock noon.

Committee Meetings

SURPLUS AGRICULTURAL COMMODITIES

Committee on Agriculture: The committee held a hearing on H.R. 4728, to authorize the disposal of an additional \$2 billion worth of surplus agricultural commodities under title I of P.L. 480. Testimony was given by John Duncan, Assistant Secretary of Agriculture, and other Agriculture Department witnesses. The committee will continue on this subject, in executive session, Thursday, March 16.

MILITARY POSTURE

Committee on Armed Services: Completed the naval portion of the national military posture briefings. Heard Navy Department officials.

DISTRESSED AREAS

Committee on Banking and Currency: Subcommittee No. 2 ordered favorably reported to the full committee H.R. 4569 (amended), to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

D.C. SALES TAX

Committee on District of Columbia: Resumed hearings on H.R. 258, to amend the D.C. Sales Tax Act. Testimony was heard from Walter N. Tobriner, President, Board of Commissioners, D.C.; and other public witnesses.

SCHOOL AID

Committee on Education and Labor: General Subcommittee on Education continued hearings on H.R. 4970, to authorize a 3-year program of Federal aid for public elementary and secondary schools. Public witnesses were heard. Hearings continue Thursday, March 16.

AID TO HIGHER EDUCATION

Committee on Education and Labor: Special Subcommittee on Education began hearings on H.R. 5266, to authorize assistance to public and other nonprofit institutions of higher education. Testimony was given by Abraham A. Ribicoff, Secretary of Health, Education, and Welfare; and various public witnesses. Hearings continue Thursday, March 16.

HOUSE ADMINISTRATION MISCELLANY

Committee on House Administration: Met in executive session and ordered reported to the House the following bills and resolutions:

H.J. Res. 176, to provide for the reappointment of Dr. Jerome C. Hunsaker as Citizen Regent of the Board of Regents of the Smithsonian Institution;

H. Res. 189, to provide funds for necessary miscellaneous expenses of the Committee on the District of Columbia;

H. Res. 200, to provide funds for necessary expenses of the Committee on Banking and Currency;

H. Res. 204 (amended), to provide additional funds for the Committee on the Judiciary to enable it to carry out its obligations under P.L. 272, 86th Congress;

H. Res. 219, to increase the basic clerk hire allowance of Members of the House by an additional \$3,000 per annum, and authorizing one additional clerk for each Member;

H. Res. 225, authorizing the employment of one additional laborer for the Office of the Postmaster, at a basic annual rate of \$1,650;

H. Con. Res. 51, to print as a House document with 50,000 additional copies for committee and House distribution of "Facts on Communism—Volume II, The Soviet Union, From Lenin to Khrushchev";

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S. Con. Res. 15, to print as a Senate document with 4,000 additional copies for the use of the Senate Committee on Appropriations, a report entitled "A Report on U.S. Foreign Operations."

87TH CONGRESS
1ST SESSION

S. 1

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1961

Referred to the Committee on Banking and Currency

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Redevelopment
4 Act".

DECLARATION OF PURPOSE

5
6 SEC. 2. The Congress declares that the maintenance of
7 the national economy at a high level is vital to the best in-
8 terests of the United States, but that some of our communi-
9 ties are suffering substantial and persistent unemployment
10 and underemployment; that such unemployment and under-

1 employment cause hardship to many individuals and their
2 families and detract from the national welfare by wasting
3 vital human resources; that to overcome this problem the
4 Federal Government, in cooperation with the States, should
5 help areas of substantial and persistent unemployment and
6 underemployment to take effective steps in planning and
7 financing their economic redevelopment; that Federal as-
8 sistance to communities, industries, enterprises, and indi-
9 viduals in areas needing redevelopment should enable such
10 areas to achieve lasting improvement and enhance the do-
11 mestic prosperity by the establishment of stable and diver-
12 sified local economies and improved local living conditions;
13 and that under the provisions of this Act new employment
14 opportunities should be created by developing and expanding
15 new and existing facilities and resources rather than merely
16 transferring jobs from one community to another.

17 AREA REDEVELOPMENT ADMINISTRATOR

18 SEC. 3. There shall be appointed by the President, by
19 and with the advice and consent of the Senate, an Area Re-
20 development Administrator in the Department of Commerce
21 who shall receive compensation at a rate equal to that re-
22 ceived by Assistant Secretaries of Commerce. The Admin-
23 istrator shall perform such duties in the execution of this Act
24 as the Secretary of Commerce (hereinafter referred to as the
25 "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of

1 his duties under this Act. Such Committee shall hold not
2 less than two meetings during each calendar year.

3 (c) The Secretary is authorized from time to time to call
4 together and confer with any persons, including representa-
5 tives of labor, management, agriculture, and government,
6 who can assist in meeting the problems of unemployment
7 or underemployment in the several areas designated by the
8 Secretary as redevelopment areas.

9 REDEVELOPMENT AREAS

10 SEC. 5. (a) The Secretary shall designate as "rede-
11 velopment areas" those areas within the United States in
12 which he determines, upon the basis of standards generally
13 comparable with those set forth in subparagraphs (1) and
14 (2) below, that there has existed substantial and persistent
15 unemployment for an extended period of time. There shall
16 be included among the areas so designated any area—

17 (1) where the rate of unemployment, excluding un-
18 employment due primarily to temporary or seasonal
19 factors, is currently 6 per centum or more and has
20 averaged at least 6 per centum for the qualifying time
21 periods specified in subparagraph (2) below; and

22 (2) where the annual average rate of unemploy-
23 ment has been at least—

24 (A) 50 per centum above the national average
25 for three of the preceding four calendar years, or

(B) 75 per centum above the national average
for two of the preceding three calendar years, or

(C) 100 per centum above the national average
for one of the preceding two years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection. Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under section 350 of the Tariff Act of 1930, as amended, with respect to which the President has reported to the Congress under section 4 (a) or 7 (c) of the Trade Agreements Extension Act of 1951, as amended, and meeting the standards of unemployment set forth in this section shall be entitled on application to special consideration by the Secretary for designation as a redevelopment area.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before making any loans as the result of design-

1 nations under this subsection, the Secretary shall, by
2 regulation, prescribe detailed standards upon which the desig-
3 nations under this subsection shall be based. In the formula-
4 tion of such standards the Secretary shall consider,
5 among other relevant factors, the number of low-income farm
6 families in the various rural areas of the United States, the
7 proportion that such low-income families are to the total farm
8 families of each of such areas, the relationship of the income
9 levels of the families in each such area to the general levels of
10 income in the United States, the extent to which "rural de-
11 velopment" projects have previously been located in any
12 such area under programs administered by the Department
13 of Agriculture, the current and prospective employment
14 opportunities in each such area, the availability of manpower
15 in each such area for supplemental employment, the extent
16 of migration out of the area, and the proportion of the popu-
17 lation of each such area which has been receiving public
18 assistance from the Federal Government and/or from the
19 State or States in which such area is located or from any
20 municipality therein. In making the designations under this
21 subsection, the Secretary shall endeavor to distribute the
22 projects widely among the several States, so far as is feasible
23 and proper, in order that actual experience with this pro-
24 gram may be had in as many States and in as many areas and
25 under as many different circumstances as possible: *Provided,*

1 That not more than one such project shall be located in any
2 one State unless the Secretary has considered such applica-
3 tions for assistance under this Act as may have come from
4 the several States which apply for such assistance. In mak-
5 ing these determinations, the Secretary shall be guided,
6 but not conclusively governed, by pertinent studies made, and
7 information and data collected or compiled, by (1) depart-
8 ments, agencies, and instrumentalities of the Federal Govern-
9 ment, (2) State and local governments, (3) universities and
10 land-grant colleges, and (4) private organizations.

11 (c) Upon the request of the Secretary, the Secre-
12 tary of Labor, the Secretary of Agriculture, the Secretary
13 of the Interior, and such other heads of agencies as may be
14 appropriate, are authorized to conduct such special studies,
15 obtain such information, and compile and furnish to the Sec-
16 retary such data as the Secretary may deem necessary or
17 proper to enable him to make the determinations provided
18 for in subsection (b) of this section. The Secretary shall
19 reimburse when appropriate, out of any funds appropriated
20 to carry out the purposes of this Act, the foregoing officers
21 for any expenditures incurred by them under this section.

22 (d) As used in this Act, the term "redevelopment area"
23 refers to any area within the United States which has
24 been designated by the Secretary as a redevelopment area
25 and may include one or more States, one or more counties,

1 or one or more municipalities, or a part of a county or
2 municipality.

3 LOANS AND PARTICIPATIONS

4 SEC. 6. (a) The Secretary is authorized to purchase
5 evidences of indebtedness and to make loans (including
6 participations therein) to aid in financing any project within
7 a redevelopment area for the purchase or development of
8 land and facilities (including machinery and equipment in
9 cases of demonstrated need) for industrial or commercial
10 usage, including the construction of new buildings, the re-
11 habilitation of abandoned or unoccupied buildings, and the
12 alteration, conversion, or enlargement of existing buildings.
13 Such financial assistance shall not be extended (1) for work-
14 ing capital, or (2) to assist establishments relocating from
15 one area to another. The limitation set forth in clause (2)
16 above shall not be construed to prohibit assistance for the ex-
17 pansion of an existing business operation from its original
18 location or for the establishment of a new branch affiliate, or
19 subsidiary: *Provided*, That such assistance will not sub-
20 stantially decrease employment in the area of original
21 location.

22 (b) Financial assistance under this section shall be on
23 such terms and conditions as the Secretary determines, sub-
24 ject, however, to the following restrictions and limitations:

25 (1) The total amount of loans and loan participations

1 (including purchased evidences of indebtedness) outstanding
2 at any one time under this section (A) with respect to
3 projects in redevelopment areas designated under section
4 5 (a) shall not exceed \$100,000,000 and (B) with respect
5 to projects in redevelopment areas designated under section
6 5 (b) shall not exceed \$100,000,000;

7 (2) Such assistance shall be extended only to applicants,
8 both private and public (including Indian tribes), which
9 have been approved for such assistance by an agency or
10 instrumentality of the State or political subdivision thereof
11 in which the project to be financed is located, and which
12 agency or instrumentality is directly concerned with problems
13 of economic development in such State or subdivision;

14 (3) The project for which financial assistance is sought
15 is reasonably calculated to provide more than a temporary
16 alleviation of unemployment or underemployment within the
17 redevelopment area wherein it is, or will be, located;

18 (4) No such assistance shall be extended hereunder
19 unless the financial assistance applied for is not otherwise
20 available from private lenders or other Federal agencies on
21 reasonable terms;

22 (5) The Secretary shall not make any loan without
23 a participation unless he determines that the loan cannot be
24 made on a participation basis;

1 (6) No evidences of indebtedness shall be purchased
2 and no loans shall be made unless it is determined that there
3 is a reasonable assurance of repayment;

4 (7) Subject to section 12 (5) of this Act, no loan,
5 including renewals or extension thereof, may be made
6 hereunder for a period exceeding twenty-five years and no
7 evidences of indebtedness maturing more than twenty-five
8 years from date of purchase may be purchased hereunder:
9 *Provided*, That the foregoing restrictions on maturities
10 shall not apply to securities or obligations received by the
11 Secretary as a claimant in bankruptcy or equitable re-
12 organization or as a creditor in other proceedings attendant
13 upon insolvency of the obligor;

14 (8) Such loans shall bear interest at a rate equal to the
15 rate of interest paid by the Secretary on funds obtained
16 from the Secretary of the Treasury as provided in section 9
17 of this Act, plus one-half of 1 per centum per annum to
18 cover administrative expenses and to provide for losses on
19 loans under this section;

20 (9) Such assistance shall not exceed 65 per centum of
21 the aggregate cost to the applicant (excluding all other Fed-
22 eral aid in connection with the undertaking) of acquiring or
23 developing land and facilities (including, in cases of demon-
24 strated need, machinery and equipment), and of constructing,
25 altering, converting, rehabilitating, or enlarging the building

1 or buildings of the particular project and shall, among others,
2 be on the following conditions:

3 (A) That other funds are available in an amount which,
4 together with the assistance provided hereunder, shall be
5 sufficient to pay such aggregate cost;

6 (B) That not less than 10 per centum of such aggregate
7 cost be supplied by the State or any agency, instrumentality,
8 or political subdivision thereof, or by an Indian tribe or a
9 community or area organization which is nongovernmental
10 in character, as equity capital or as a loan;

11 (C) That in extending financial assistance under this
12 section with respect to a redevelopment area, the Secretary
13 shall require that not less than 5 per centum of the aggregate
14 cost of the project for which such loan is made shall be
15 supplied by nongovernmental sources; and

16 (D) That to the extent the Secretary finds such action
17 necessary to encourage financial participation in a particular
18 project by other lenders and investors any Federal financial
19 assistance extended under this section may be repayable only
20 after other loans made in connection with such project and
21 in accordance with this section have been repaid in full,
22 and the security, if any, for such Federal financial assistance
23 may be subordinate and inferior to the lien or liens securing
24 other loans made in connection with the same project;

25 (10) No such assistance shall be extended unless there

1 shall be submitted to and approved by the Secretary an
2 overall program for the economic development of the area
3 and a finding by the State, or any agency, instrumentality,
4 or local political subdivision thereof, that the project for
5 which financial assistance is sought is consistent with such
6 program: *Provided*, That nothing in this Act shall authorize
7 financial assistance for any project prohibited by laws of the
8 State or local political subdivision in which the project would
9 be located.

10 (c) Of the funds authorized to be raised under section
11 9 of this Act, not more than \$100,000,000 shall be deposited
12 in a revolving fund which shall be used for the purpose of
13 making loans under this section with respect to projects in
14 redevelopment areas designated under section 5 (a), and
15 not more than \$100,000,000 shall be deposited in a revolving
16 fund which shall be used for the purpose of making
17 loans under this section with respect to projects in redevelopment
18 areas designated under section 5 (b).

19 PUBLIC FACILITY LOANS FOR INDUSTRIAL OR COMMERCIAL PURPOSES
20

21 SEC. 7. (a) Upon the application of any State, or
22 political subdivision thereof, Indian tribe, or public or
23 private nonprofit organization or association representing
24 any redevelopment area or part thereof, the Secretary is
25 authorized to make loans to assist in financing the purchase

1 or development of land for public facility usage, and the
2 construction, rehabilitation, alteration, expansion, or im-
3 provement of public facilities within any redevelopment area,
4 if he finds that such facilities will serve primarily industrial
5 or commercial needs and that—

6 (1) the project for which financial assistance is
7 sought will provide more than a temporary alleviation
8 of unemployment or underemployment in the redevelop-
9 ment area wherein such project is, or will be, located,
10 and will tend to improve the opportunities in such area
11 for the successful establishment or expansion of indus-
12 trial or commercial plants or facilities;

13 (2) the funds requested for such project are not
14 otherwise available on reasonable terms;

15 (3) the amount of the loan plus the amount of
16 other available funds for such projects are adequate to
17 insure the completion thereof;

18 (4) there is a reasonable expectation of repayment;
19 and

20 (5) such area has an approved economic develop-
21 ment program as provided in section 6(b)(10) and
22 the project for which financial assistance is sought is
23 consistent with such program.

24 (b) No loan under this section shall be for an amount
25 in excess of 65 per centum of the aggregate cost of the proj-

1 ect for which such loan is made. Subject to section 12 (5),
2 the maturity date of any such loan shall be not later than
3 forty years after the date such loan is made. Any such
4 loan shall bear interest at a rate equal to the rate of interest
5 paid by the Secretary on funds obtained from the Secre-
6 tary of the Treasury as provided in section 9 of this Act, plus
7 one-quarter of 1 per centum per annum.

8 (c) In making any loan under this section, the Secre-
9 tary shall require that not less than 10 per centum
10 of the aggregate cost of the project for which such loan is
11 made shall be supplied by the State (including any political
12 subdivision thereof) within which such project is located or
13 by the Indian tribe on whose reservation such project is
14 located as equity capital or as a loan. In determining the
15 amount of participation required under this subsection with
16 respect to any particular project, the Secretary shall give
17 consideration to the financial condition of the State or local
18 government, and to the per capita income of the residents of
19 the redevelopment area, within which such project is to be
20 located.

21 (d) To the extent the Secretary finds such action
22 necessary to encourage financial participation in a particular
23 project by other lenders and investors, any Federal financial
24 assistance extended under this section may be repayable only
25 after other loans made in connection with such project and in

1 accordance with this section have been repaid in full, and the
2 security, if any, for such Federal financial assistance may be
3 subordinate and inferior to the lien or liens securing other
4 loans made in connection with the same project.

5 (e) No financial assistance shall be extended under this
6 section with respect to any public facility which would com-
7 pete with an existing privately owned public utility render-
8 ing a service to the public at rates or charges subject to regu-
9 lation by a State regulatory body, unless the State regulatory
10 body determines that in the area to be served by the public
11 facility for which the financial assistance is to be extended
12 there is a need for an increase in such service (taking into
13 consideration reasonably foreseeable future needs) which the
14 existing public utility is not able to meet through its existing
15 facilities or through an expansion which it agrees to under-
16 take.

17 (f) Of the funds authorized to be raised under section
18 9 of this Act, not more than \$100,000,000 shall be deposited
19 in a revolving fund which shall be used for the purpose of
20 making loans under this section.

21 PUBLIC FACILITY GRANTS FOR INDUSTRIAL OR COMMER-
22 CIAL PURPOSES

23 SEC. 8. (a) The Secretary may conduct studies of
24 needs in the various redevelopment areas throughout the
25 United States for, and the probable cost of, land acquisition

1 or development for public facility usage in serving industrial
2 or commercial needs, and the construction, rehabilitation,
3 alteration, expansion, or improvement of useful public
4 facilities to serve such needs within such areas, and
5 may receive proposals from any State, or political sub-
6 division thereof, Indian tribe, or public or private
7 nonprofit organization or association representing any re-
8 development area, or part thereof, relating to land acquisition
9 or development for such public facility usage, and the con-
10 struction, rehabilitation, alteration, expansion, or improve-
11 ment of such public facilities within any such area. Any
12 such proposal shall contain plans showing the project pro-
13 posed to be undertaken, the cost thereof, and the contribu-
14 tions proposed to be made to such cost by the entity making
15 the proposal. The Secretary, in consultation with such
16 entity, is authorized to modify all or any part of such
17 proposal.

18 (b) The Secretary, pursuant to a proposal received
19 by him under this section, may make grants to any State, or
20 political subdivision thereof, Indian tribe, or public or private
21 nonprofit organization or association representing any re-
22 development area, or part thereof, for land acquisition or de-
23 velopment for public facility usage, and the construction, re-
24 habilitation, alteration, expansion, or improvement of public
25 facilities within a redevelopment area, if he finds that such

1 facilities will serve primarily industrial or commercial needs
2 and that—

3 (1) the project for which financial assistance is
4 sought will provide more than a temporary alleviation
5 of unemployment or underemployment in the redevelop-
6 ment area wherein such project is, or will be, located,
7 and will tend to improve the opportunities in such area
8 for the successful establishment or expansion of industrial
9 or commercial plants or facilities;

10 (2) the entity requesting the grant proposes to
11 contribute to the cost of the project for which such grant
12 is requested in proportion to its ability so to contribute;

13 (3) the project for which a grant is requested will
14 fulfill a pressing need of the area, or part thereof, in
15 which it is, or will be, located, and there is little proba-
16 bility that such project can be undertaken without the
17 assistance of a grant under this section; and

18 (4) the area for which a project is to be undertaken
19 has an approved economic development program as pro-
20 vided in section 6 (b) (10) and such project is consistent
21 with such program.

22 The amount of any grant under this section for any such
23 project shall not exceed the difference between the funds
24 which can be practicably obtained from other sources (in-

1 eluding a loan under section 7 of this Act) for such project,
2 and the amount which is necessary to insure the completion
3 thereof.

4 (c) The Secretary shall by regulation provide for the
5 supervision of projects with respect to which grants are
6 made under this section so as to insure that Federal funds
7 are not wasted or dissipated.

8 (d) No financial assistance shall be extended under
9 this section with respect to any public facility which would
10 compete with an existing privately owned public utility
11 rendering a service to the public at rates or charges subject
12 to regulation by a State regulatory body, unless the State
13 regulatory body determines that in the area to be served
14 by the public facility for which the financial assistance is to
15 be extended there is a need for an increase in such service
16 (taking into consideration reasonably foreseeable future
17 needs) which the existing public utility is not able to meet
18 through its existing facilities or through an expansion which
19 it agrees to undertake.

20 (e) There is hereby authorized to be appropriated
21 not to exceed \$75,000,000 for the purpose of making grants
22 under this section.

23 FUNDS FOR LOANS

24 SEC. 9. (a) To obtain funds for loans under this Act, the
25 Secretary may, with the approval of the President, issue

1 and have outstanding at any one time notes and obligations
2 for purchase by the Secretary of the Treasury in an amount
3 not to exceed \$300,000,000. Such notes or other obliga-
4 tions shall be in such forms and denominations, have such
5 maturities, and be subject to such terms and conditions as
6 may be prescribed by the Secretary with the approval of the
7 Secretary of the Treasury. Any such notes or other ob-
8 ligations which are issued by the Secretary to raise funds
9 for loans under section 6 shall bear interest at a rate de-
10 termined by the Secretary of the Treasury, but such rate
11 shall not be greater than the current average yields on
12 outstanding marketable obligations of the United States
13 of comparable maturities as of the last day of the month
14 preceding the issuance of such notes or other obligations.
15 Any such notes or other obligations which are issued by the
16 Secretary to raise funds for loans under section 7 shall
17 bear interest at a rate determined by the Secretary of the
18 Treasury which shall be not more than the higher of (1)
19 $2\frac{1}{2}$ per centum per annum, or (2) the average annual in-
20 terest rate on all interest-bearing obligations of the United
21 States then forming a part of the public debt as computed
22 at the end of the fiscal year next preceding the issuance by
23 the Secretary and adjusted to the nearest one-eighth of 1
24 per centum. The Secretary of the Treasury is authorized
25 and directed to purchase any notes and other obligations

1 issued under this section and for such purpose is authorized
2 to use as a public debt transaction the proceeds from the sale
3 of any securities issued under the Second Liberty Bond
4 Act, as amended, and the purposes for which securities may
5 be issued under such Act are extended to include any pur-
6 chase of such notes and other obligations. The Secretary
7 of the Treasury may at any time sell any of the notes or
8 other obligations acquired by him under this section. All
9 redemptions, purchases, and sales by the Secretary of the
10 Treasury of such notes or other obligations shall be treated
11 in every respect as public debt transactions of the United
12 States.

13 (b) In the performance of and with respect to the func-
14 tions, powers, and duties vested in him by sections 6 and 7 of
15 this Act, the Secretary shall—

16 (1) prepare annually and submit a budget program
17 in accordance with the provisions of sections 102, 103,
18 and 104 of the Government Corporation Control Act, as
19 amended; and

20 (2) determine the character of and the necessity for
21 obligations and expenditures and the manner in which
22 they shall be incurred, allowed, and paid, subject to pro-
23 visions of law specifically applicable to Government
24 corporations.

INFORMATION

1
2 SEC. 10. Subject to section 24, the Secretary shall aid
3 redevelopment areas and other areas by furnishing to inter-
4 ested individuals, communities, industries, and enterprises
5 within such areas any assistance, technical information, mar-
6 ket research, or other forms of assistance, information, or
7 advice which are obtainable from the various departments,
8 agencies, and instrumentalities of the Federal Government
9 and which would be useful in alleviating or preventing con-
10 ditions of excessive unemployment or underemploy-
11 ment within such areas. The Secretary shall fur-
12 nish the procurement divisions of the various departments,
13 agencies, and other instrumentalities of the Federal Govern-
14 ment with a list containing the names and addresses of busi-
15 ness firms which are located in redevelopment areas and
16 which are desirous of obtaining Government contracts for
17 the furnishing of supplies or services, and designating the
18 supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

19
20 SEC. 11. Subject to section 24, in carrying out his duties
21 under this Act the Secretary is authorized to provide
22 technical assistance which would be useful in alleviating or
23 preventing conditions of excessive unemployment or under-

1 employment (1) to areas which he has designated as rede-
2 velopment areas under this Act, and (2) to other areas
3 which he finds have substantial need for such assistance.
4 Such assistance shall include studies evaluating the needs
5 of, and developing potentialities for, economic growth of
6 such areas. Such assistance may be provided by the Secre-
7 tary through members of his staff or through the employ-
8 ment of private individuals, partnerships, firms, corporations,
9 or suitable institutions, under contracts entered into for such
10 purposes. Appropriations are hereby authorized for the pur-
11 poses of this section in an amount not to exceed \$4,500,000
12 annually.

13 POWERS OF SECRETARY

14 SEC. 12. In performing his duties under this Act, the
15 Secretary is authorized to—

16 (1) adopt, alter, and use a seal, which shall be
17 judicially noticed; and subject to the civil service and
18 classification laws, select, employ, appoint, and fix the
19 compensation of such officers, employees, attorneys, and
20 agents as shall be necessary to carry out the provisions
21 of this Act, and define their authority and duties, pro-
22 vide bonds for them in such amounts as the Secretary
23 shall determine, and pay the costs of qualification of cer-
24 tain of them as notaries public;

25 (2) hold such hearings, sit and act at such times

1 and places, and take such testimony, as he may deem
2 advisable;

3 (3) request directly from any executive depart-
4 ment, bureau, agency, board, commission, office, inde-
5 pendent establishment, or instrumentality information,
6 suggestions, estimates, and statistics needed to carry out
7 the purposes of this Act; and each department, bureau,
8 agency, board, commission, office, establishment, or in-
9 strumentality is authorized to furnish such information,
10 suggestions, estimates, and statistics directly to the Sec-
11 retary;

12 (4) under regulations prescribed by him, assign
13 or sell at public or private sale, or otherwise dispose of
14 for cash or credit, in his discretion and upon such terms
15 and conditions and for such consideration as he shall
16 determine to be reasonable, any evidence of debt, con-
17 tract, claim, personal property, or security assigned to
18 or held by him in connection with the payment of loans
19 made under this Act, and collect or compromise all
20 obligations assigned to or held by him in connection
21 with the payment of such loans until such time as such
22 obligations may be referred to the Attorney General
23 for suit or collection;

24 (5) further extend the maturity of or renew any
25 loan made under this Act, beyond the periods stated in

1 such loan or in this Act, for additional periods not to
2 exceed ten years, if such extension or renewal will aid
3 in the orderly liquidation of such loan;

4 (6) deal with, complete, renovate, improve, mod-
5 ernize, insure, rent, or sell for cash or credit, upon such
6 terms and conditions and for such consideration as he
7 shall determine to be reasonable, any real or personal
8 property conveyed to, or otherwise acquired by, him
9 in connection with the payment of loans made under
10 this Act;

11 (7) pursue to final collection, by way of compro-
12 mise or other administrative action, prior to reference
13 to the Attorney General, all claims against third parties
14 assigned to him in connection with loans made under
15 this Act. This shall include authority to obtain de-
16 ficiency judgments or otherwise in the case of mort-
17 gages assigned to the Secretary. Section 3709 of
18 the Revised Statutes, as amended (41 U.S.C. 5), shall
19 not apply to any contract of hazard insurance or
20 to any purchase or contract for services or supplies on
21 account of property obtained by the Secretary as a
22 result of loans made under this Act if the premium there-
23 for or the amount thereof does not exceed \$1,000.
24 The power to convey and to execute, in the name of the
25 Secretary, deeds of conveyance, deeds of release,

1 assignments and satisfactions of mortgages, and any
2 other written instrument relating to real or personal
3 property or any interest therein acquired by the Sec-
4 retary pursuant to the provisions of this Act may be
5 exercised by the Secretary or by any officer or agent
6 appointed by him for that purpose without the execution
7 of any express delegation of power or power of attorney;

8 (8) acquire, in any lawful manner, any property
9 (real, personal, or mixed, tangible or intangible), when-
10 ever deemed necessary or appropriate to the conduct of
11 the activities authorized in sections 6 and 7 of this Act;

12 (9) in addition to any powers, functions, privileges,
13 and immunities otherwise vested in him, take any and
14 all actions, including the procurement of the services of
15 attorneys by contract, determined by him to be necessary
16 or desirable in making, servicing, compromising, modify-
17 ing, liquidating, or otherwise administratively dealing
18 with or realizing on loans made under this Act;

19 (10) to such an extent as he finds necessary to
20 carry out the provisions of this Act, procure the tem-
21 porary (not in excess of six months) service of experts
22 or consultants or organizations thereof, including steno-
23 graphic reporting services, by contract or appointment,
24 and in such cases such service shall be without regard to

1 the civil service and classification laws, and, except in
2 the case of stenographic reporting services by organiza-
3 tions, without regard to section 3709 of the Revised
4 Statutes (41 U.S.C. 5) ; any individual so employed
5 may be compensated at a rate not in excess of \$75 per
6 diem, and, while such individual is away from his home
7 or regular place of business, he may be allowed trans-
8 portation and not to exceed \$15 per diem in lieu of
9 subsistence and other expenses ;

10 (11) sue and be sued in any court of record of a
11 State having general jurisdiction or in any United States
12 district court, and jurisdiction is conferred upon such dis-
13 trict court to determine such controversies without re-
14 gard to the amount in controversy ; but no attachment,
15 injunction, garnishment, or other similar process, mesne
16 or final, shall be issued against the Secretary or his prop-
17 erty. Nothing herein shall be construed to except the
18 activities under this Act from the application of sections
19 507 (b) and 2679 of title 28, United States Code, and of
20 section 367 of the Revised Statutes (5 U.S.C. 316) ;
21 and

22 (12) establish such rules, regulations, and pro-
23 cedures as he may deem appropriate in carrying out the
24 provisions of this Act.

1 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

2 SEC. 13. Whenever the Secretary shall determine that
3 employment conditions within any area previously desig-
4 nated by him as a redevelopment area have changed to such
5 an extent that such area is no longer eligible for such desig-
6 nation under section 5 of this Act, no further assistance shall
7 be granted under this Act with respect to such area and,
8 for the purposes of this Act, such area shall not be considered
9 a redevelopment area: *Provided*, That nothing contained
10 herein shall (1) prevent any such area from again being
11 designated a redevelopment area under section 5 of this Act
12 if the Secretary determines it to be eligible under such
13 section, or (2) affect the validity of any contracts or under-
14 takings with respect to such area which were entered into
15 pursuant to this Act prior to a determination by the Secre-
16 tary that such area no longer qualifies as a redevel-
17 opment area. The Secretary shall keep the departments
18 and agencies of the Federal Government, and interested
19 State or local agencies, advised at all times of any changes
20 made hereunder with respect to the designation of any area.

21 URBAN RENEWAL

22 SEC. 14. Title I of the Housing Act of 1949, as
23 amended, is amended by adding at the end thereof the
24 following new section:

1 “REDEVELOPMENT AREAS UNDER THE AREA

2 REDEVELOPMENT ACT

3 “SEC. 113. (a) Whenever the Secretary of Commerce
4 certifies to the Administrator (1) that any county, city,
5 or other municipality (in this section referred to as a ‘mu-
6 nicipality’) is situated in an area designated under section
7 5 of the Area Redevelopment Act as a redevelopment area,
8 and (2) that there is a reasonable probability that with
9 assistance provided under such Act and other undertakings
10 the area will be able to achieve more than temporary im-
11 provement in its economy, the Administrator is authorized
12 to provide financial assistance to a local public agency
13 in any such municipality under this title and the provisions
14 of this section.

15 “(b) Subject to the provisions of subsection (e) of this
16 section, the Administrator may provide such financial
17 assistance under this section without regard to the require-
18 ment or limitations of section 110 (c) that the project area be
19 predominantly residential in character or be redeveloped for
20 predominantly residential uses under the urban renewal plan,
21 and without regard to any of the limitations of that section
22 on the undertaking of projects for predominantly nonresi-
23 dential uses.

24 “(c) Notwithstanding any other provision of this title,
25 a contract for financial assistance under this section may

1 include provisions permitting the disposition of any land in
2 the project area designated under the urban renewal plan
3 for industrial or commercial uses to any public agency or
4 nonprofit corporation for subsequent disposition as promptly
5 as practicable by such public agency or corporation for the
6 redevelopment of the land in accordance with the urban re-
7 newal plan: *Provided*, That any disposition of such land to
8 such public agency or corporation under this section shall be
9 made at its fair value for uses in accordance with the urban
10 renewal plan: *And provided further*, That only the pur-
11 chasers from or lessees of such public agency or corporation,
12 and their assignees, shall be required to assume the obliga-
13 tions relating to the commencement of improvements im-
14 posed under section 105 (b) hereof.

15 “(d) Following the execution of any contract for finan-
16 cial assistance under this section with respect to any project,
17 the Administrator may exercise the authority vested in him
18 under this section as well as other provisions of this title for
19 the completion of such projects, notwithstanding any deter-
20 mination made after the execution of such contract that the
21 area in which the project is located is no longer a redevel-
22 opment area under the Area Redevelopment Act.

23 “(e) The aggregate amount of capital grants which may
24 be contracted for under this title with respect to projects for
25 the redevelopment of urban renewal areas for predominantly

1 nonresidential uses, under the second proviso of the fifth
2 sentence of section 110 (c), may be increased by an amount
3 not to exceed 10 per centum of the aggregate amount of new
4 grant contract authority provided after September 23, 1959,
5 whenever the Administrator determines (1) that an increase
6 in such amount is necessary in order to provide financial
7 assistance under this section, and (2) that such assistance
8 is not otherwise available because of the limitation contained
9 in such proviso.”

10 URBAN PLANNING GRANTS

11 SEC. 15. (a) Paragraph (3) of section 701 (a) of the
12 Housing Act of 1954 is amended by inserting after “counties
13 which” the following: “(A) are situated in areas designated
14 by the Secretary of Commerce under section 5 (a) of the
15 Area Redevelopment Act as redevelopment areas or (B)”.

16 (b) Section 701 (b) of such Act is amended by adding
17 before the period at the end of the first sentence a colon and
18 the following: “*Provided*, That a grant may be made under
19 clause (A) of paragraph (3) of subsection (a) of this sec-
20 tion for not more than 75 per centum of such estimated cost”.

21 OCCUPATIONAL TRAINING

22 SEC. 16. (a) The Secretary of Labor is authorized,
23 upon request and whenever he determines such studies are
24 needed, to undertake, or to provide assistance to others for
25 studies of the size, characteristics, skills, adaptability, occu-

1 pational potentialities, and related aspects of the labor force
2 of any redevelopment area.

3 (b) When a redevelopment area has an approved eco-
4 nomic development program as provided in section 6 (b)
5 (10), the Secretary of Labor, in consultation with the Secre-
6 tary, shall determine the occupational training or retrain-
7 ing needs of unemployed and underemployed individuals
8 residing in the redevelopment area. The Secretary of Labor
9 shall notify the Secretary of Health, Education, and Wel-
10 fare of the occupational training or retraining requirements
11 of the area, and shall provide for the orderly selection and re-
12 ferral of those unemployed or underemployed individuals
13 residing in the area who can reasonably be expected to obtain
14 employment as a result of the skill they will acquire in the
15 training which is to be made available, and shall make appro-
16 priate provision for such supervision by the appropriate
17 agency as is necessary to the successful operation of any train-
18 ing program established under this section. The Secretary
19 of Labor shall cooperate with the Secretary of Health, Edu-
20 cation, and Welfare and with existing State and local agen-
21 cies and officials in charge of existing programs relating to
22 vocational training and retraining for the purpose of assuring
23 that the facilities and services of such agencies are made fully
24 available to such individuals.

25 (c) Whenever the Secretary of Labor finds that addi-

1 tional facilities or services are needed in the area to meet the
2 occupational training or retraining needs of such individuals,
3 he shall so advise the Secretary of Health, Education, and
4 Welfare. The Secretary of Health, Education, and Welfare
5 shall provide assistance, including financial assistance when
6 necessary, to the appropriate State vocational educational
7 agency in the provision of such additional facilities or serv-
8 ices. If the Secretary of Health, Education, and Welfare
9 finds that the State vocational educational agency is unable to
10 provide the facilities and services needed, he may, after
11 consultation with such agency, provide for the same by agree-
12 ment or contract with public or private educational insti-
13 tutions.

14 (d) The Secretary of Labor shall arrange to provide
15 any necessary technical assistance for setting up apprentice-
16 ships, and to promote journeyman and other on-the-job
17 training.

18 (e) There are hereby authorized to be appropriated such
19 sums, not in excess of \$4,500,000 annually, as may be neces-
20 sary to carry out the provisions of this section.

21 RETRAINING SUBSISTENCE PAYMENTS

22 SEC. 17. (a) The Secretary of Labor in consultation
23 with the Secretary may, on behalf of the United States,
24 enter into agreements with States in which redevelopment
25 areas are located, under which the Secretary of Labor shall

1 make payments to such States either in advance or by way of
2 reimbursement for the purpose of enabling such States, as
3 agents of the United States, to make weekly retraining pay-
4 ments to unemployed or underemployed individuals residing
5 within such redevelopment areas who are certified by the
6 Secretary of Labor to be undergoing occupational training
7 or retraining under section 16 of this Act. Such payments
8 shall be made only for the period the individual is receiving
9 occupational training or retraining under section 16 of this
10 Act, but not in any event to exceed sixteen weeks, and the
11 amounts of such payments shall be equal to the amount of
12 the average weekly unemployment compensation payment
13 payable in the State making such payments.

14 (b) No weekly retraining payment shall be made to any
15 person otherwise eligible who, with respect to the week for
16 which such payment would be made, has received or is seek-
17 ing unemployment compensation under title XV of the Social
18 Security Act or any other Federal or any State unemploy-
19 ment compensation law, but if the appropriate State or Fed-
20 eral agency finally determines that a person denied weekly
21 training benefits because of this paragraph is not entitled to
22 unemployment compensation under title XV of the Social
23 Security Act or such Federal or State law, this paragraph
24 shall not apply.

25 (c) Any agreement under this section may contain pro-

visions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

20

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitu-

1 tion of security therefor, or for the purpose of influencing in
2 any way the action of the Secretary, or for the purpose
3 of obtaining money, property, or anything of value, under
4 this Act, shall be punished by a fine of not more than
5 \$10,000 or by imprisonment for not more than five years,
6 or both.

7 (b) Whoever, being connected in any capacity with
8 the Secretary in the administration of this Act, (1) em-
9 bezzles, abstracts, purloins, or willfully misapplies any
10 moneys, funds, securities, or other things of value, whether
11 belonging to him or pledged or otherwise entrusted to him,
12 or (2) with intent to defraud the Secretary or any
13 other body politic or corporate, or any individual, or to de-
14 ceive any officer, auditor, or examiner, makes any false entry
15 in any book, report, or statement of or to the Secretary, or
16 without being duly authorized, draws any order or issues, puts
17 forth, or assigns any note, debenture, bond, or other obliga-
18 tion, or draft, bill of exchange, mortgage, judgment, or decree
19 thereof, or (3) with intent to defraud participates, shares, re-
20 ceives directly or indirectly any money, profit, property, or
21 benefit through any transaction, loan, commission, contract,
22 or any other act of the Secretary, or (4) gives any un-
23 authorized information concerning any future action or plan
24 of the Secretary which might affect the value of securi-
25 ties, or having such knowledge, invests or speculates, directly

1 or indirectly, in the securities or property of any company or
2 corporation receiving loans or other assistance from the
3 Secretary, shall be punished by a fine of not more than
4 \$10,000 or by imprisonment for not more than five years,
5 or both.

6 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
7 EMPLOYEES

8 SEC. 19. No loan shall be made by the Secretary under
9 this Act to any business enterprise unless the owners, part-
10 ners, or officers of such business enterprise (1) certify to the
11 Secretary the names of any attorneys, agents, or other per-
12 sons engaged by or on behalf of such business enterprise
13 for the purpose of expediting applications made to the
14 Secretary for assistance of any sort, and the fees paid
15 or to be paid to any such person; and (2) execute an
16 agreement binding any such business enterprise, for a
17 period of two years after any assistance is rendered by the
18 Secretary to such business enterprise, to refrain from
19 employing, tendering any office or employment to, or retain-
20 ing for professional services, any person who, on the date
21 such assistance or any part thereof was rendered, or within
22 one year prior thereto, shall have served as an officer, attor-
23 ney, agent, or employee, occupying a position or engaging in
24 activities which the Secretary shall have determined involve

1 discretion with respect to the granting of assistance under
2 this Act.

3 RECORD OF APPLICATIONS

4 SEC. 20. The Secretary shall maintain as a permanent
5 part of the records of the Department of Commerce a list of
6 approved applications for loans which shall be kept available
7 for public inspection during the regular business hours of the
8 Department of Commerce. The following information shall
9 be posted in such list as soon as each application is approved:
10 (1) the name of the applicant and, in the case of corporate
11 applications, the names of the officers and directors thereof,
12 (2) the amount and duration of the loan for which applica-
13 tion is made, (3) the purposes for which the proceeds of the
14 loan are to be used, and (4) a general description of the
15 security offered.

16 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

17 SEC. 21. All laborers and mechanics employed by con-
18 tractors or subcontractors on projects assisted by the Secre-
19 tary under this Act and undertaken by public applicants
20 shall be paid wages at rates not less than those prevailing on
21 similar construction in the locality as determined by the
22 Secretary of Labor in accordance with the Davis-Bacon Act,
23 as amended (40 U.S.C. 276a—276a-5), and every such
24 employee shall receive compensation at a rate not less than

1 one and one-half times his basic rate of pay for all hours
2 worked in any workweek in excess of eight hours in any work-
3 day or forty hours in the workweek, as the case may be. The
4 Secretary shall not approve any project involving the
5 contribution of Federal funds without first obtaining ade-
6 quate assurance that these labor standards will be maintained
7 upon the construction work. The Secretary of Labor shall
8 have, with respect to the labor standards specified in this
9 provision, the authority and functions set forth in Reorgani-
10 zation Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat.
11 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June
12 13, 1934, as amended (40 U.S.C. 276c).

13

REPORTS

14 SEC. 22. The Secretary shall make comprehensive and
15 detailed semiannual reports to the Congress of his operations
16 under this Act for each six-month period of each fiscal
17 year beginning with the fiscal year ending June 30, 1962.
18 Such reports shall be printed and shall be transmitted to the
19 Congress not later than January 3 and June 30 of each year
20 following the fiscal year with respect to which such reports
21 are made. Such reports shall show, among other things, (1)
22 the total number of unemployed persons in redevelopment
23 areas, (2) the total principal amount of loans under this
24 Act which are outstanding, the aggregate expenditures in-
25 curred by the Government in providing grants and other

1 forms of assistance under this Act, and the administrative
2 expenses incurred by the Government in providing assistance
3 under this Act, (3) the number of applications for assistance
4 under this Act which are pending and the total amount of
5 assistance requested in such applications, (4) the number of
6 industrial or commercial enterprises which have commenced
7 or expanded operations in redevelopment areas as a result
8 of assistance under this Act, the total asset value of such
9 enterprises, and a description of each such enterprise in terms
10 of whether it is a wholly new business enterprise, an enter-
11 prise which has moved from another area, or a branch of an
12 existing business enterprise located elsewhere, (5) the total
13 number of jobs created in each economically distressed area
14 as a result of assistance extended under this Act, (6) the sum
15 obtained by dividing the total amount of Federal assistance
16 extended under this Act (including the administrative ex-
17 penses incurred by the Government in extending such assist-
18 ance) by the number of jobs created as a result of such
19 assistance, (7) the number and size of Government contracts
20 for the furnishing of supplies and services placed with busi-
21 ness enterprises located in redevelopment areas, and (8) the
22 amount and duration of employment resulting from such
23 contracts. Upon the request of the Secretary, the various
24 departments and agencies of the Government engaged in the
25 procurement of supplies and services shall furnish to the

1 Secretary such information as may be necessary for the
2 purposes of clauses (7) and (8) above.

3

APPROPRIATION

4

SEC. 23. There are hereby authorized to be appropri-
5 ated such sums as may be necessary to carry out the pro-
6 visions of this Act.

7

USE OF OTHER FACILITIES

8

SEC. 24. (a) The Secretary may, to the extent prac-
9 ticable and with their consent, use the available services and
10 facilities of other agencies and instrumentalities of the Fed-
11 eral Government on a reimbursable basis. The Secretary
12 shall exercise the authority contained in the preceding sen-
13 tence whenever such exercise will avoid the duplication of
14 existing staffs and facilities.

15 (b) Departments and agencies of the Federal Govern-
16 ment shall exercise their powers, duties, and functions in such
17 manner as will assist in carrying out the objectives of this
18 Act. This Act shall be supplemental to any existing au-
19 thority, and nothing herein shall be deemed to be restrictive
20 of any existing powers, duties, and functions of any other
21 department or agency of the Federal Government.

22 (c) Funds authorized to be appropriated under this Act
23 may be transferred, with the approval of the Director of the
24 Bureau of the Budget, between departments and agencies of

1 the Government, if such funds are used for the purposes for
2 which they are specifically authorized and appropriated.

3 (d) Subject to the standards and procedures prescribed
4 by section 505 of the Classification Act of 1949, as amended,
5 the head of any agency, for the performance of functions
6 under this Act, including functions delegated pursuant to
7 section 25, may place positions in grades 16, 17, and 18 of
8 the General Schedule established by such Act, and such posi-
9 tions shall be in addition to the number of such positions au-
10 thorized by section 505 of the Classification Act of 1949, as
11 amended, to be placed in such grades: *Provided*, That not to
12 exceed one such position may be placed in such grades under
13 this subsection, to be assigned to the agencies by the Secre-
14 tary, with the approval of the Director of the Bureau of the
15 Budget.

16 DELEGATION OF FUNCTIONS

17 SEC. 25. The Secretary, with the approval of the
18 President, is authorized to delegate to the heads of other
19 departments or agencies of the Government such functions,
20 powers, and duties which are conferred upon him by this
21 Act as he deems appropriate, and to authorize the redelega-
22 tion of such functions, powers, and duties by the heads of
23 such departments or agencies.

RECORDS AND AUDIT

1
2 SEC. 26. (a) Each recipient of assistance under sec-
3 tion 6 or 7 of this Act shall keep such records as the Secre-
4 tary shall prescribe, including records which fully disclose
5 the amount and the disposition by such recipient of the pro-
6 ceeds of such assistance, the total cost of the project or
7 undertaking in connection with which such assistance is
8 given or used, and the amount and nature of that portion
9 of the cost of the project or undertaking supplied by other
10 sources, and such other records as will facilitate an effective
11 audit.

12 (b) The Secretary and the Comptroller General of the
13 United States, or any of their duly authorized representa-
14 tives, shall have access for the purpose of audit and examina-
15 tion to any books, documents, papers, and records of the
16 recipient that are pertinent to assistance received under sec-
17 tion 6 or 7 of this Act.

TERMINATION OF AUTHORITY

18
19 SEC. 27. (a) This Act and all authority conferred there-
20 under shall terminate at the close of June 30, 1965.

21 (b) Notwithstanding the foregoing, effective on July 1,
22 1965, those assets, funds, contracts, loans, liabilities, commit-
23 ments, authorizations, allocations, and records of the Secre-
24 tary under this Act which the Director of the Bureau of the
25 Budget shall determine are necessary to the liquidation of

1 the affairs and functions conducted under this Act, are trans-
2 ferred to the Secretary of the Treasury for purposes of
3 liquidation.

4 (c) The termination of this Act shall not affect the dis-
5 bursement of funds under, or the carrying out of, any con-
6 tract, commitment, or other obligation entered into pursuant
7 to this Act prior to the date of such termination, or the taking
8 of any action necessary to preserve or protect the interests of
9 the United States in any amounts advanced or paid out in
10 carrying on operations under this Act.

11 DEFINITIONS

12 SEC. 28. As used in this Act, the term "State" means
13 any of the several States, the District of Columbia, or the
14 Commonwealth of Puerto Rico; and the term "United
15 States" refers to the several States, the District of Columbia,
16 the Commonwealth of Puerto Rico, and the Virgin Islands.

Passed the Senate March 15, 1961.

Attest: FELTON M. JOHNSTON,
Secretary.

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 16, 1961

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

CONTENTS

See page 6 for contents

Issued March 22, 1961
For actions of March 21, 1961
87th-1st, No. 49

HIGHLIGHTS: House agreed to conference report on feed grains bill. House passed sugar bill. Senate agreed to consider feed grains conference report Wednesday. House committee voted to report depressed areas bill. House subcommittee voted to report bill to extend Reorganization Act. Senate received Eagwell nomination. Rep. Schwengel criticized President's farm message.

HOUSE

1. **FEED GRAINS.** By a vote of 231 to 185, agreed to the conference report on H.R. 4510, to provide a special program for feed grains for 1961 (pp. 4144-51). See Digest 48 for a summary of the bill as reported by the conference committee.
2. **SUGAR.** By a vote of 284 to 129, passed under suspension of the rules H.R. 5463, to amend and extend the Sugar Act (pp. 4151-60). See Digest 48 for a summary of the bill as reported by the Agriculture Committee.
3. **DEPRESSED AREAS.** The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 1, the depressed areas bill (p. D184). The Committee was granted permission until midnight Tues., Mar. 21, to file a report on the bill (p. 4137).
4. **REORGANIZATION.** The "Daily Digest" states that the Executive and Legislative Reorganization Subcommittee of the Government Operations Committee "met in executive session and rescinded amendments, adopted February 28, to S. 153, to further amend the Reorganization Act of 1949. The bill was again ordered reported to the full committee." p.-D184.

5. RESEARCH; FOOD INSPECTION. Passed without amendment S. 1028, to amend the Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959 so as to authorize the Secretary of Agriculture to extend beyond March 5, 1961, the effective date of the registration and enforcement provisions of the Federal Insecticide, Fungicide, and Rodenticide Act with respect to nematocides, plant regulators, defoliants, and desiccants. This bill will now be sent to the President. A similar bill, H.R. 4662, was tabled. p. 4138
6. FORESTRY; RECREATION. Passed without amendment S. 449, to extend from Sept. 1, 1961, to Jan. 31, 1962, the time within which the Outdoor Recreation Resources Review Commission may make its final report. This bill will now be sent to the President. A similar bill, H.R. 2204, was tabled. p. 4138
7. UNEMPLOYMENT COMPENSATION. Received the conference report on H.R. 4806, to provide for the establishment of a temporary program of extended unemployment compensation for unemployed workers, including Federal employees and veterans (H. Rept. 183)(pp. 4135-7). House conferees were appointed earlier (p. 4135).
8. FARM PROGRAM. Rep. Schwengel criticized the President's farm message as containing "no new ideas on how to solve the farm problem," stated that enactment of his proposals "would be abrogating our responsibility as Congressmen," and urged enactment of a bill he had introduced to expand the conservation reserve program. pp. 4185-7
9. LABOR STANDARDS. The Rules Committee reported a resolution for consideration of H.R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage gradually to \$1.25 an hour. p. 4160
10. WATERSHEDS. The "Daily Digest" states that the Conservation and Credit Subcommittee of the Agriculture Committee approved watershed projects for Ky., N. Mex., Hawaii, and Fla., and passed over various other watershed projects for the States of S.C., Va., and Ky.-Tenn. p. D184
11. PERSONNEL; BONDING. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee H.R. 2554, to repeal Sec. 14(c) of title 6 of the U. S. Code requiring an annual report by the Secretary of the Treasury with respect to the bonding of Federal employees. p. D185
12. TEXTILE IMPORTS. Rep. Lane urged greater restrictions on the importation of textiles and textile products. p. 4174

SENATE

13. FEED GRAINS. Received the conference report on H.R. 4510, to provide a special program for feed grains for 1961 (p. 4105). Agreed to a unanimous-consent request by Sen. Mansfield to consider the conference report on Wed., Mar. 22, with debate to be limited to 1½ hours (p. 4130).
14. NOMINATION. Received the nomination of John C. Bagwell to be General Counsel of this Department. p. 4131

December 31, 1964, date to December 31, 1963, and made other changes in dates to conform to this action. The House recedes.

Amendment No. 12: The bill as passed (by the House contained a new section 901(d) of the Social Security Act providing that, except as provided in the new section 901(c), no transfer to or from the Federal extended compensation account is to be made after December 31, 1964. Senate amendment No. 12 changed this date to December 31, 1963. The Senate recedes.

Amendment No. 13: Section 14(a) of the bill both as passed by the House and as amended by the Senate amends section 3301 of the Internal Revenue Code of 1954 (relating to rate of tax under the Federal Unemployment Tax Act) to temporarily increase the rate of the excise tax paid by employers from 3.1 percent of wages to 3.5 percent. Under the bill as passed by the House this increase applies in the case of wages paid during the calendar years 1962 and 1963. Under Senate amendment No. 13 this increase applies in the case of wages paid during the calendar years 1961 and 1962. The Senate recedes.

Amendment No. 14: Section 14(b) of the bill, both as passed by the House and as amended by the Senate, relates to the preservation, without change, of the existing credits against the Federal unemployment tax. Senate amendment No. 14 made this preservation of credits applicable for the calendar years 1961 and 1962 (in lieu of the calendar years 1962 and 1963). In conformity with the conference action on Senate amendment No. 13, the Senate recedes.

Amendment No. 15: Section 901(c) (1) (A) of the Social Security Act provides a limitation of \$350,000,000 on the amount authorized to be made available each fiscal year for the purpose of—

(1) assisting the States in the administration of their unemployment compensation laws as provided in title III of the Social Security Act (including administration pursuant to agreements under any Federal unemployment compensation law),

(2) the establishment and maintenance of systems of public employment offices in accordance with the Act of June 6, 1933, as amended (the Wagner-Peyser Act), and

(3) carrying into effect section 2012 of title 38 of the United States Code (assignment of employees to local employment offices to discharge duties prescribed for veterans' employment representatives).

Senate amendment No. 15 adds a new section 15 to the bill which provides that notwithstanding this \$350,000,000 limitation the Congress may make available for grants to States under section 901(c) (1) of the Social Security Act, for fiscal years ending June 30, 1961, and June 30, 1962, an amount which shall not exceed \$425,000,000 for each such fiscal year.

The House recedes with an amendment. Under the conference agreement, the aggregate amount which the Congress may make available for grants to States under section 901(c) (1) (A) of such Act shall not exceed \$385,000,000 for the fiscal year ending June 30, 1961, and \$415,000,000 for the fiscal year ending June 30, 1962. The \$350,000,000 limitation continues to apply for each fiscal year ending on or after June 30, 1963.

W. D. MILLS,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a report on the bill, S. 1.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CONSENT CALENDAR

The SPEAKER. This is the day for the call of the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

EFFECTIVE DATE OF CERTAIN STATUTORY AWARDS

The Clerk called the bill (H.R. 861) to provide that no application shall be required for the payment of statutory awards for certain conditions which, prior to August 1, 1952, have been determined by the Veterans' Administration to be service connected.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the Committee on Veterans' Affairs whether or not the opposition to this legislation by the Veterans' Administration is a new letter or is one of the previous administration.

Mr. TEAGUE of Texas. Mr. Speaker, I would say to the gentleman from Michigan that it is a letter from the new administration. I do not believe it is correct to say that it is an objection. It is a partial objection, one which could possibly set a precedent.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection. I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

U.S. MERCHANT VESSEL AND WATERFRONT SECURITY ACT OF 1960

The Clerk called the bill (H.R. 4469) to amend the Subversive Activities Control Act of 1950 so as to provide that no individual who willfully fails or refuses to answer, or falsely answers, certain questions relating to subversive activities, when summoned to appear before certain Federal agencies, shall be employed on any merchant vessel of the United States or within certain waterfront facilities in the United States.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LINDSAY. Mr. Speaker, reserving the right to object, I would like to ask the author of the bill, the distinguished Chairman of the Committee on

Un-American Activities, if he has had a chance to consider the suggestion I made the last time I objected to the bill, that the subject matter was of sufficient importance as well as the constitutional questions that are raised by it, so that the matter really ought to be subjected to the scrutiny of full floor debate.

Mr. WALTER. Mr. Speaker, were it not for the fact that the Supreme Court of the United States passed on the constitutional questions the gentleman is talking about, I would agree with him. But the statute of the State of California which we followed exactly in drafting the bill under consideration went to the Supreme Court and the Supreme Court held that it was constitutional. I see no need to debate the question. I would be very glad to answer any questions the gentleman may ask, but as to constitutionality of the statute, that has already been passed on by the Supreme Court.

Mr. LINDSAY. As I read the cases in the courts, including the Supreme Court case of Green against McElroy, and the Ninth Circuit case of Parker against Lester, questions are raised by this bill that have not been passed on by the Supreme Court, to my satisfaction, at least. I should like the opportunity to examine the bill and debate it on the floor. I would be disposed to vote against this as it now stands. For that reason, and with all due deference to the distinguished chairman of the committee, Mr. Speaker, I object.

The SPEAKER. It requires three objectors. Is their further objection to the consideration of the bill?

Mr. RYAN. Mr. Speaker, reserving the right to object, I would like to say that I agree with the distinguished gentleman from New York [Mr. LINDSAY]. I think there are serious constitutional questions involved here which should be debated fully. Calling this bill on the Consent Calendar prevents thorough and deliberate consideration. Therefore, I also object.

The SPEAKER. Is there further objection?

There being no further objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "United States Merchant Vessel and Waterfront Security Act of 1960".

SEC. 2. The Subversive Activities Control Act of 1950 (64 Stat. 987) is amended by inserting, immediately preceding section 4 thereof, the following new section:

"EMPLOYMENT OF CERTAIN INDIVIDUALS AT WATERFRONT FACILITIES AND ABOARD MERCHANT VESSELS OF UNITED STATES

"SEC. 3B. (a) No individual who willfully fails or refuses to appear before any Federal agency, when subpoenaed or ordered to appear, or to answer under oath before such Federal agency any question concerning—

"(1) the membership of such individual, or any other individual, in the Communist Party, Fascist Party, or other subversive party.

"(2) the activities of such individual, or any other individual, as a member of the Communist Party, Fascist Party, or other subversive party, or

"(3) the participation of such individual, or any other individual, in activities conducted by or under the direction of the Communist Party, Fascist Party, or other subversive party, or any member thereof, shall be employed in any capacity aboard any merchant vessel of the United States or within any waterfront facility in the United States, nor shall any such individual be entitled to hold, or to be issued, any certificate, license, or other document (including any endorsement thereon) identifying him as an individual eligible to be employed in any capacity aboard any such merchant vessel or within any such waterfront facility. The prohibition against employment, and against the possession and issuance of any certificate, license, or other document (including any endorsement thereon), contained in the first sentence of this subsection shall also apply with respect to any individual who commits perjury in answering any question referred to in such first sentence.

"(b) The President of the United States shall institute such measures and issue such rules and regulations as he may deem necessary to carry out the provisions of this section and, for such purpose, he may utilize such departments, agencies, officers, and instrumentalities of the United States as he may deem appropriate. For the purpose of any investigation which, in the opinion of the department, agency, officer, or instrumentality utilized by the President to carry out the provisions of this section, is necessary and proper in carrying out the provisions of this section, such department, agency, officer, or instrumentality is empowered to subpoena witnesses, administer oaths and affirmations, take evidence, and require the production of any books, papers, or other documents which are relevant or material to the matter under investigation. Such attendance of witnesses and the production of such books, papers, or other documents may be required from any place in the United States or any district, Commonwealth, or possession thereof, at any designated place of hearing. Witnesses summoned under authority of this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. Upon failure of any person to obey a subpoena issued under the subsection, the United States district court for the judicial district wherein such person resides or carries on business may, upon the petition of the department, agency, officer, or instrumentality of the United States utilized by the President to carry out the provisions of this section, issue an order requiring such person to appear and to produce books, papers, or other documents, if so ordered, or to give testimony touching the matter under investigation or in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Any process in any such case may be served in the judicial district wherein such person resides or wherever he may be found.

"(c) As used in this section—

"(1) the term 'waterfront facility' means all piers, wharves, docks, and similar structures to which vessels may be secured, buildings on such structures or contiguous to such structures, and equipment and materials on such structures or in such buildings;

"(2) the term 'United States', when used in a territorial sense, includes all places and waters, continental or insular, subject to the jurisdiction of the United States;

"(3) the term 'Communist Party' means the Communist Party of the United States, or any successors of such party regardless of the assumed name, whose object or purpose is to overthrow the Government of the United States, or the government of any

State, district, Commonwealth, or possession thereof, or the government of any political subdivision therein by force and violence, and includes subsidiary organizations of such party;

"(4) the phrase 'Fascist Party, or other subversive party' means any party, other than the Communist Party, regardless of the assumed name, whose object or purpose is to overthrow the Government of the United States, or the government of any State, district, Commonwealth, or possession thereof, or the government of any political subdivision therein by force and violence, and includes subsidiary organizations of such party; and

"(5) the term 'Federal agency' means any department, independent establishment, or other agency or instrumentality of the executive branch of the Government of the United States, and any congressional committee or subcommittee."

Mr. WALTER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTER of Pennsylvania: On page 1, line 4, after "Act of" strike out "1960" and insert "1961".

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OUTDOOR RECREATION RESOURCES REVIEW COMMISSION

The Clerk called the bill (H.R. 2204) to extend the time in which the Outdoor Recreation Resources Review Commission shall submit its final report.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WEAVER. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Colorado [Mr. ASPINALL] how much money was originally budgeted for this item and what the financial status is of this commission?

Mr. ASPINALL. As I recall, it was authorized an appropriation of \$2,500,000. The money has not been completely used. No other money has been requested in this legislation. All this bill now under discussion does is permit the extension by a few months of the time in which to file a report. That is all that is involved.

Mr. WEAVER. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that an identical Senate bill, S. 449, be considered in lieu of the House bill.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 6(c) of the Act entitled "An Act for the establishment of a National Outdoor Recreation Resources Review Commission to study the outdoor recreation resources of the public lands and other land and water areas of the United States, and for other purposes," approved June 28, 1958 (72 Stat. 238), is amended to read as follows: "The Commission shall present not later than January 31, 1962, a report of its review, a compilation of its data, and its recommendations on a State by State, region by region,

and national basis to the President and to the Congress, and shall cease to exist not later than September 1, 1962."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 2204) was laid on the table.

AMENDMENT OF FEDERAL INSECTICIDE ACT

The Clerk called the bill (H.R. 4662) to amend the transitional provisions of the act approved August 7, 1959, entitled "Nematocide, Plant Regulator, Defoliant, Desiccant Amendment of 1959."

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 1028, be considered in lieu of the House bill.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (a) of section 3 of the Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959 (Public Law 86-139, 73 Stat. 286, 287) is amended by deleting the comma and the word "or" appearing at the end of clause (1) and adding at the end of such clause a colon and the following: "Provided, That with respect to any nematocide, plant regulator, defoliant, or desiccant whose use results in residue remaining in or on a food at the time of introduction into interstate commerce and which use had commercial application prior to January 1, 1958, the Secretary may prescribe a date beyond March 5, 1961, on the basis of a determination that such action will not be unduly detrimental to the public interest and is necessary to avoid hardships: *Provided further,* That such date shall not be extended beyond (1) the date on which an order with respect to the use of such product under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) becomes effective or (2) the date on which any extension granted under paragraph (b) of this section is terminated, or".

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 4662) was laid on the table.

MUSTERING-OUT PAYMENTS

The Clerk called the bill (H.R. 859) to repeal chapter 43 of title 38, United States Code.

Mr. PELLY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

SPECIAL DIVIDENDS FOR CERTAIN NSLI POLICYHOLDERS

The Clerk called the bill (H.R. 4539) to amend section 723 of title 38 of the United States Code to provide for immediate payment of dividends on in-

House of Representatives

Chamber Action

Bills Introduced: 75 public bills, H.R. 5736-5810; 8 private bills, H.R. 5811-5818; and 13 resolutions, H.J. Res. 325-332, H. Con. Res. 200-203, and H. Res. 229, were introduced.

Pages 4160, 4190-4193

Bills Reported: Reports were filed as follows:

Seven private bills, H.R. 1320, 1397, 1424, 1887, 2354, 5178, and 2993 (H. Repts. 174-180);

Disposition of executive papers (H. Rept. 181);

H. Res. 229, providing for the consideration of and 7 hours of debate on H.R. 3935, to amend the Fair Labor Standards Act of 1958 in regard to increasing the Federal minimum wage (H. Rept. 182); and

Conference report on H.R. 4806, providing for the establishment of a temporary program of extended unemployment compensation and to provide for a temporary increase in the rate of the Federal unemployment tax (H. Rept. 183).

Page 4190

U.S. Citizens Commission on NATO: The Speaker announced the appointment on the part of the House as members of the U.S. Citizens Commission on NATO the following members from private life: W. L. Clayton, Texas; George J. Feldman, New York; Hugh Moore, Pennsylvania; Ralph D. Pittman, District of Columbia; Donald G. Agger, Maryland; Eric Johnston, District of Columbia; Adolph W. Schmidt, Pennsylvania; Oliver C. Schroeder, Jr., Ohio; Burr S. Swezey, Sr., Indiana; and Morris Forgash, New York.

Page 4132

Unemployment Compensation Extension: Disagreed to Senate amendments to H.R. 4806, providing for the establishment of a temporary program of extended unemployment compensation and to provide for a temporary increase in the rate of the Federal unemployment tax; agreed to a conference requested by the Senate; and appointed as conferees Representatives Mills, King of California, O'Brien of Illinois, Mason, and Byrnes of Wisconsin. Permission for filing a conference report thereon by midnight was granted the conferees.

Page 4135

Consent Calendar: Passed the following bills on the call of the Consent Calendar:

Cleared for the President:

Outdoor resources report: S. 449 (in lieu of H.R. 2204), to extend to January 31, 1962, the time in which the Outdoor Recreation Resources Commission shall submit its final report.

Plant disease research: S. 1028 (in lieu of H.R. 4662), to amend the transitional provision of the act entitled "Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1939."

Stockpile sales waiver: S. 1116 (in lieu of H.R. 4435), to authorize the sale, without regard to the 6-month waiting period prescribed, of certain calcines and matte proposed to be disposed of pursuant to the Strategic and Critical Materials Stockpiling Act.

Sent to the Senate without amendments:

Interstate commerce taxation: H.R. 4363, to amend Public Law 86-272 relating to State taxation of interstate commerce.

Sent to the Senate amended:

Puerto Rico: H.J. Res. 124, to amend the Puerto Rican Federal Relations Act by removal of debt-limitation provisions.

U.S. merchant vessel and waterfront security: H.R. 4469, to amend the Subversive Activities Control Act of 1950 so as to provide that no individual who willfully fails or refuses to answer, or falsely answers, certain questions relating to subversive activities, when summoned to appear before certain Federal agencies, shall be employed on any merchant vessel of the United States or within certain waterfront facilities in the United States.

Bills not considered:

Passed over without prejudice: H.R. 846, 859, 861, 873, and 4539.

Objected to: S. 307, H.J. Res. 32, and 143.

Pages 4137-4144

Feed Grains Program: By a record vote of 231 yeas to 185 nays the House adopted the conference report on H.R. 4510, to provide a special program for feed grains for 1961, and sent the legislation to the Senate.

Pages 4144-4151

Suspension Passages: The following bills were considered and passed under suspension of the rules:

Sugar Act extension: H.R. 5463, to amend and extend for 18 months the Sugar Act of 1948, with an amendment respecting foreign purchases (by a record vote of 284 yeas to 129 nays).

Pages 4151-4160

Foreign central banks' income: H.R. 5189, to exempt from tax income derived by a foreign central bank of issue from obligations of the United States (by a voice vote).

Pages 4160-4161

Veterans' insurance dividends: H.R. 4539, to amend U.S. Code to provide for immediate payment of dividends on insurance heretofore issued under section 621 of the National Service Life Insurance Act of 1940 which has been converted or exchanged for new insurance under such section, amended (by a voice vote).

Pages 4164-4165

Veterans' vocational rehabilitation: H.R. 848, to amend U.S. Code to provide vocational rehabilitation to certain veterans in need thereof to overcome the

handicap of a disability incurred in or aggravated by active service after World War II and before the Korean conflict, or after the Korean conflict, amended (by a voice vote).
Pages 4165-4167

Longshoremen and harbor workers: H.R. 1258, to amend the Longshoremen's and Harbor Workers' Compensation Act to provide increased benefits in case of disabling injuries, amended (by a voice vote).
Pages 4167-4168

California beach erosion control: S. 307, to authorize certain beach erosion control of the shore in San Diego County, Calif. (cleared for President by a voice vote).
Pages 4168-4169

Military Construction Authorization: By a voice vote the House adopted H. Res. 227, the open rule providing for the consideration of, and 3 hours of debate on, H.R. 5000, to authorize certain construction at military installations, but deferred the consideration of the bill to Wednesday.
Pages 4169-4170

Quorum Call and Record Votes: During the proceedings of the House today one quorum call and two record votes developed and they appear on pages 4150-4151, 4159, and 4160

Program for Wednesday: Adjourned at 4:55 p.m. until Wednesday, March 22, at 12 o'clock noon, when the House will consider H.R. 5000, to authorize certain construction at military installations (3 hours of debate), also may consider H.R. 3935, to amend the Fair Labor Standards Act of 1958 in regard to increasing the Federal minimum wage (7 hours of debate).

Committee Meetings

WATERSHED

Committee on Agriculture: Subcommittee on Conservation and Credit met in executive session and approved watershed projects for the States of Kentucky, New Mexico, Hawaii, and Florida.

The subcommittee passed over various other watershed projects, for the States of South Carolina, Virginia, and Kentucky-Tennessee.

MILITARY POSTURE

Committee on Armed Services: Met in executive session to continue national military posture briefings. Heard testimony from Eugene M. Zukert, Secretary of the Air Force; Gen. T. D. White, Chief of Staff, Air Force; and other Air Force witnesses. Briefings will continue Thursday, March 23.

DISTRESSED AREAS

Committee on Banking and Currency: Met in executive session and ordered favorably reported to the House S. 1 (amended), to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

AID TO HIGHER EDUCATION

Committee on Education and Labor: Special Subcommittee on Education met in executive session on H.R. 5266, to authorize assistance to public and other non-profit institutions of higher education. No announcements were made, and the subcommittee will continue, in executive session, on this subject Friday, March 24.

SCHOOL AID

Committee on Education and Labor: General Subcommittee on Education continued hearings on H.R. 4970, to authorize a 3-year program of Federal aid for public elementary and secondary schools. Witnesses heard were Senator Goldwater; the former Secretary, Health, Education, and Welfare; and various public witnesses. Hearings continue Wednesday, March 22.

UNEMPLOYMENT

Committee on Education and Labor: Subcommittee on Unemployment and Impact of Automation continued hearings on general unemployment, and heard testimony from a public witness. Hearings continue Wednesday, March 22.

INTERNATIONAL ORGANIZATIONS

Committee on Foreign Affairs: Subcommittee on International Organizations and Movements heard a briefing by Harlan H. Cleveland, Assistant Secretary of State for International Organization Affairs.

REORGANIZATION ACT OF 1949

Committee on Government Operations: Subcommittee on Executive and Legislative Reorganization met in executive session and rescinded amendments, adopted February 28, to S. 153, to further amend the Reorganization Act of 1949. The bill was again ordered reported to the full committee.

FOREIGN OPERATIONS AND MONETARY AFFAIRS

Committee on Government Operations: Subcommittee on Foreign Operations and Monetary Affairs met in executive session. No announcements were made.

PUBLIC LANDS

Committee on Interior and Insular Affairs: Subcommittee on Public Lands heard a general briefing by Defense Department representatives concerning military ranges and related installations and bases in connection with land withdrawals. The subcommittee will meet again Wednesday, March 22.

EDUCATIONAL TELEVISION

Committee on Interstate and Foreign Commerce: Subcommittee on Communications and Power continued hearings on H.R. 132, and related bills, to provide grants for educational television broadcast facilities. Testimony was given by Representatives Harris and Hemp-

Mar. 22, 1961

equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining or emergency grants; development loans repayable in local currency; and development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise. ***

"I recommend, therefore, an authorization for the new aid agency of not less than 5 years, with borrowing authority also for 5 years to commit and make dollar repayable loans within the limits spelled out below. ***

"Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rockbottom budget previously submitted (\$4 billion) despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for non-military aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget -- \$1.9 billion. These figures do not, of course, reflect Public Law 480 operations."

Sen. Keating expressed skepticism over parts of the message, particularly the creation of a agency to handle foreign aid and the request for appropriations over a 5-year period rather than a 1-year period. p. 4215

Sens. Javits and Cooper commended the message. pp. 4215, 4266-7

3. UNEMPLOYMENT COMPENSATION. Both Houses agreed to the conference report on H. R. 4806, to provide for the establishment of a temporary program of extended unemployment compensation for unemployed workers, including Federal employees and veterans. The House agreed to the report by a vote of 362 to 31. This bill will now be sent to the President. pp. 4238-44, 4270-5
4. FARM LABOR. Sen. Holland criticized the showing by the British Broadcasting Corporation, under an arrangement with the Columbia Broadcasting System, of the film, "Harvest of Shame," depicting certain conditions of migratory farm workers in this country, and debated this matter with Sen. Williams, N. J., and other Senators. pp. 4260-6
5. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 107, to authorize the construction of the Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating project of the Colorado River storage project (S. Rept. 83). p. 4202
6. GRANTS-IN-AID. Received from the Advisory Commission on Intergovernmental Relations a report, "Modification of Federal Grants-in-Aid for Public Health Services." p. 4201
7. NOMINATIONS. Confirmed the nomination of Robert S. Shriver, Jr., to be Director of the Peace Corps. p. 4200
The Interior and Insular Affairs Committee reported the nomination of Ralphael M. Paiewonsky to be Governor of the Virgin Islands. p. 4200
8. TEXTILE IMPORTS. Sen. Bridges urged action to impose greater restrictions on the importation of textiles and textile products. p. 4207
Sen. Dirksen inserted a statement of the National Assoc. of Wool Manufacturers on the "urgent need for quotas to control low-wage imports of textiles and apparel." p. 4214

9. YOUTH CONSERVATION CORPS. Sens. Gruening and Humphrey spoke in favor of establishing a Youth Conservation Corps and inserted articles endorsing it. pp. 4213,4260
10. MINIMUM WAGES. Sen. Goldwater inserted numerous articles and editorials opposing enactment of legislation to raise the minimum wage level. pp. 4219-26
11. FARMER COMMITTEES. Sen. Hart commended the recommendation in the President's farm message that "commodity groups work directly on the initial formulation of their commodity programs," and inserted his letter to Secretary Freeman urging that the commodity groups have a representative to give the viewpoint of the consuming public. p. 4269
12. ELECTRIFICATION. Sen. Bennett inserted several letters and statements opposing enactment of legislation to authorize construction of the Burns Creek public power project.
13. ADJOURNED until Fri., Mar. 24. p. 4269

HOUSE

14. DEPRESSED AREAS. The Banking and Currency Committee reported with amendment S. 1, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas (H. Rept. 186). p. 4341
15. REORGANIZATION. The Government Operations Committee voted to report (but did not actually report) H. R. 5742, to extend the Reorganization Act of 1949. p. D190
16. WATER-HYACINTHS SEEDS. A subcommittee of the Judiciary Committee voted to report to the full committee with amendment H. R. 2041, to remove the restriction on the interstate shipment of water-hyacinth plants or seeds to certain areas where the plants are unable to survive winter weather. p. D190
17. ADMINISTRATIVE ORDERS. A subcommittee of the Judiciary Committee voted to report to the full committee H. R. 5656, to provide for reasonable notice of applications to the U. S. courts of appeals for interlocutory relief against the orders of certain administrative agencies. p. D190
18. MINIMUM WAGES. Began debate on H. R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage gradually to \$1.25 an hour. pp. 4313-8
19. TEXTILE IMPORTS. Reps. Hemphill and Seely-Brown urged greater restrictions on the importation of textiles and textile products. pp. 4318-22, 4335-6
20. PEACE CORPS. Rep. Staggers spoke in opposition to the President's proposal to establish a Peace Corps. pp. 4326-8
21. FOREIGN AID. Rep. Pelly criticized the President's message on foreign aid, particularly the "proposal calling for funding foreign aid outside of congressional appropriations as called for by our Constitution." pp. 4336-7

AREA REDEVELOPMENT ACT

REPORT

OF THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

TOGETHER WITH

MINORITY AND INDIVIDUAL VIEWS

ON

S. 1



MARCH 22, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1961

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AREA REDEVELOPMENT ACT

MARCH 22, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany S. 1]

The Committee on Banking and Currency, to whom was referred the bill (S. 1), to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows: Strike out all after the enacting clause and insert the matter which appears in *italic* in the bill herewith reported to the House.

WHAT THE BILL WOULD DO

S. 1, as reported to the House, would provide a coordinated attack on the basic economic problems confronting those areas with persistent and substantial unemployment. While it would rely on local initiative and the efforts of private enterprise it would enable the Federal Government to play its proper role and meet its responsibilities in this field. Technical assistance and guidance would be made available along with financial aid, primarily in the form of loans to implement local economic programs. The committee amendment contains seven major provisions.

First, the bill would place the responsibility for area redevelopment in the Secretary of Commerce to insure that the program will be dealt with at the Cabinet level. At the same time, an Area Redevelopment Administrator would be established in the Department to perform such functions as the Secretary may assign to him under the bill.

Second, the bill would authorize the designation of areas of chronic unemployment and underemployment. Such designation would be mandatory for some communities under criteria set forth in the

amendment but the Secretary would designate other areas including rural places according to guidelines set forth.

Third, the Secretary would be authorized to make loans for industrial projects in the designated areas. Two funds of \$100 million each would be established by appropriation.

Fourth, loans would be available on liberal terms for local public facilities to encourage economic expansion. The amount of \$100 million would be authorized for appropriation for these loans.

Fifth, partial grants could be made to communities for local public facilities if these are necessary for the financing of the project. The amount of \$75 million is authorized for appropriation for these grants.

Sixth, the bill contains two sections which would vest additional authority in the HHFA Administrator in order to assist redevelopment areas. Grants and loans for urban renewal could be made without regard to the "predominantly residential" requirement which must be met in most cases. Urban planning grants authorized by the Housing Act of 1954 would be made available to redevelopment areas without regard to the population limit otherwise applicable.

Seventh, upon a finding by the Secretary of Labor that training is needed, the Secretary of Health, Education, and Welfare could provide information and financial assistance in connection with occupational retraining programs. The Secretary of Labor would be authorized to enter into agreements with the States to pay subsistence payments up to 16 weeks for persons receiving such occupational training.

The bill contains specific limits on appropriations for the new programs, totaling \$394 million, of which \$300 million is for loans repayable with interest. The dollar authorizations are as follows:

	<i>Millions</i>
Plant loans (sec. 5(a) areas)-----	\$100. 0
Plant loans (sec. 5(b) areas)-----	100. 0
Public facility loans-----	100. 0
Public facility grants-----	75. 0
Retraining subsistence grants (annually)-----	10. 0
Occupational retraining aid (annually)-----	4. 5
Technical assistance (annually)-----	4. 5

BACKGROUND OF THE BILL

Proposals for area redevelopment legislation have been before the Congress for more than a decade. In the 84th Congress, 2d session, a bill was reported out by this committee but never reached the floor of the House. A similar bill passed the Senate later in that session, but was not acted upon by the House. In the 85th Congress, area redevelopment legislation passed both Houses of the Congress but was pocket vetoed by the President on September 6, 1958. In the 86th Congress, another bill, S. 722, was passed by both Houses but was also vetoed by the President on May 13, 1960.

In spite of these delays, it should be noted that the principle of Federal action to relieve unemployment in areas of persistent and substantial labor surplus has been endorsed in the platforms of both parties. It has also received wide support from labor, industry, municipal and private citizen groups. Shortly after his election last November, President-elect Kennedy appointed a special task force to consider the problem and recommend a program. President

Kennedy has made it clear that he feels that action in this field deserves the highest priority and should be acted upon promptly.

Area redevelopment legislation was the first bill introduced in the Senate in the current session and was passed by that body on March 15 by a vote of 63 to 27. Meanwhile, a bill, H.R. 4569, was submitted to the Congress by President Kennedy and introduced by Hon. Brent Spence, chairman of the Committee on Banking and Currency. Two full weeks of hearings on this legislation were held before Subcommittee No. 2 (Hon. Wright Patman, chairman). This bill, as perfected by the committee, was ordered reported as an amendment to S. 1 on March 21 by a vote of 20 to 6.

SAFEGUARDS IN THE BILL

The committee amendment contains a number of safeguards to insure both that the assistance will produce a real measure of relief to the areas in need and that it will do this without detriment to any other community. Naturally, wise administration is essential and your committee believes this is best cared for by placing responsibility for the program in a Cabinet-rank officer and at the same time establishing a high-level Government official in the Department of Commerce to perform such functions as the Secretary may assign to him in carrying out the program. To conserve the funds for their most urgent uses the bill provides that no loan may be made unless funds are not otherwise available from other sources on reasonable terms. The committee amendment also makes the use of loan and grant funds for assistance in financing industrial projects and public facilities contingent upon the development of a comprehensive economic plan for the area which meets the approval of the Secretary. To make certain that the assistance given under this program will not result in dislocations in other areas, the committee amendment carries a flat prohibition against the use of any funds for the transfer of business establishments from one area to another.

Local economic development program

The requirement for a local economic development program is one of the key features of this legislation, and one of the most constructive for long-term recovery. Loans for commercial and industrial facilities and public facility loans and grants are all contingent upon such a program, and any projects proposed must be demonstrated to contribute to that program. In a similar manner, assistance in providing occupational training and retraining subsistence payments hinges upon an approved economic development program.

The requirement for such a program will assure that the community has reviewed carefully the various economic solutions open to it, before any request is made for such assistance; that the projects submitted are in their proper priority with respect to the community's program; that the community is embarking on a program which is within the available financial, manpower, and technical resources; and that the program contributes toward a permanent solution of local problems.

This requirement for careful studies and advance planning should assure, first, a real knowledge of the economic potentials of the area—whether they lie in the commercial or industrial field. It should point out the strong and weak points of the area, in both the skills of

its manpower and its resources in materials, location, and facilities. Such planning should take into account all the potentials of the area. They may be in recreation or tourism, not heavy industry; they may lie in the promotion of parks and the restoration of forests, with the construction of necessary access roads; they may be in research or in light industry employing large numbers of clerical or scientifically trained workers.

It is, moreover, essential that each program be appraised realistically, and approved by the Secretary, in order to make the wisest use of limited public funds and to give maximum help to the area. This is "seed money," to help give impetus to a broad program which, if the unemployed are to be reemployed, will call for private and local public efforts many times the size of this Federal program.

If each economic development program is appraised in a broad way, for the long future, and suitable retraining of local workers is undertaken, the benefits of this legislation will be far greater than can be measured by the financial loans or grants.

Moreover, the act provides for technical assistance in preparing economic development programs, not merely for redevelopment areas but for other areas which in the judgment of the Secretary have substantial need for such assistance. This "early warning" aid is designed to help to avert trouble.

In many small industrial areas and rural areas that are primarily agricultural, economic programs of the kind envisioned here simply do not exist. Assistance in analyzing their problems in a factual way is an essential first step. Without it, much valuable time and effort could be wasted in haphazard attempts at industrialization.

While economic planning carries no guarantee of success, this provision insures that careful attention will be given to the problems of the area and to the steps that need to be taken to restore prosperity. It will be a reasonable guarantee that redevelopment of the area is feasible and that the project for which assistance is sought will make a real contribution to the long-term expansion of industry and employment.

Prohibition against relocation of industry

Concern has been expressed that the assistance provided under this program would be used to transfer industry and employment from their present locations to redevelopment areas. Your committee wishes to assure those who share this concern that the bill will not have such a result. The purpose of this legislation has always been to make a net expansion of job opportunities and not to "pirate" industries from other locations. In an economy such as ours, which includes a tremendous amount of new investment even in lean years, it should not be difficult to achieve growth of employment opportunities in all areas. William L. Batt, secretary of industry and labor for the State of Pennsylvania, testified that spending for new plant and equipment averages approximately \$30 billion a year of which fully \$7 billion is for facilities—and job opportunities—in new locations.

Your committee further believes that the experience of local redevelopment groups clearly shows that depressed areas can create new jobs without taking them from other areas. For example, Mr. Willis W. Jones, executive vice president of the Scranton Chamber of Commerce, testified that only 2 of 38 plants established in Scranton-

Lackawanna County from 1945 to 1960 were relocations, and even in those two cases there was "no detriment suffered by the area of original location."

Mr. Jones testified as follows:

I would like to point out to you, and I have in the brief that has been presented to you, an exhibit showing why the 32 community plants that I spoke of moved to Scranton, why they moved into our area. From actual count 38 percent of them moved there to expand and to serve a distant market.

For instance, the Trane Co. is as big today in La Crosse, Wis., in fact, it is much bigger after having established its eastern division plant in Scranton, Pa.

In fact, what helps Scranton, helps La Crosse, and vice versa. That is the type of expansion that is natural; it is good for the economy of America. Sixteen of the plants were new plants for a brand new product where a company had decided to start manufacturing a new product in a brand new plant and chose our area.

Twenty percent were expansions of local industry where an industry decided to expand in our own area. We have a company, Consolidated Molded Products Co., with 600 employees in 1 plant and we built another plant for them that employed about another 200 some distance away, making a new type of product, an expansion from within.

Twenty percent of the plants that came into our area came in to serve the military, such as Daystrom Corp., which opened a brand new division when they manufactured the Mark 54, I believe, which was done for the military as a radar-finding device. Only 6 percent or two plants were relocations from other areas, because they could not serve their market in the area in which they were located and moved to a new area.

Nevertheless your committee is determined to prevent use of the bill to finance "runaway" industries, and adopted an amendment to clarify this point.

This amendment expressly states that under the act "new employment opportunities should be created by developing and expanding new and existing facilities and resources." Furthermore, it provides that loans shall not be made under section 6 "to assist establishments relocating, totally or partially, from one area to another."

In an expanding economy ample opportunity should be found to develop areas of chronic unemployment or underemployment without injury to other areas of the country. Under the bill as amended these opportunities will take the form of assistance to businesses already located in the redevelopment area and expanding to provide new jobs; or to businesses starting out in the redevelopment areas; or to businesses already established in other areas which are expanding by establishing a new branch, subsidiary, or affiliate in the redevelopment area while continuing operations in the area of original location. In prohibiting assistance to establishments "totally or partially" relocating, the committee intends to prohibit assistance to a company for the establishment of a branch either (1) where the

Secretary has reason to believe that the branch is being established in order ultimately to close down a plant operated by the same company in another area, or (2) unless the Secretary has obtained reasonable assurance that the establishment of the branch will not result in any increase in unemployment in any other area in which the company is located. Your committee has sincerely tried to provide the strictest kind of controls against use of section 6 loans to "pirate" industry and expects that the Secretary will exercise vigilance in administering the act to prevent any evasions of the spirit as well as the letter of these provisions.

NEED FOR THIS LEGISLATION

The need for prompt action to combat localized chronic unemployment problems is supported by abundant evidence and is now generally accepted. The facts of the case have been spelled out in Government statistics and in thousands of pages of congressional testimony. In fact, most observers agree that the delays which have prevented the enactment of area redevelopment legislation in past years have cost us dearly. While the greatest cost has been borne in those areas directly affected by basic economic problems, there has also been a heavy cost to the entire Nation both in terms of additional Government outlays for unemployment compensation and relief payments, and in terms of lost production and idle resources. These are costs which our Nation cannot afford at any time but particularly not in the present international situation when we are engaged in a critical economic struggle.

The effects of localized unemployment are felt throughout the economic system. In our closely interrelated economy, no community is self-sufficient. Each area depends on other areas for markets for the goods and services it produces. Depressed conditions in one community are reflected in reduced demand in others which in turn results in fewer jobs. If allowed to continue, unemployment and economic stagnation may very well spread to other areas. If, on the other hand, the areas which are now suffering from heavy chronic unemployment can be restored to prosperous conditions, the entire Nation will benefit through the increase in total demand and business activity.

The need for Federal assistance in this field has been conclusively demonstrated. Communities with long-term economic problems have taken heroic measures to improve their circumstances and have shown determination and imagination in seeking to restore their own prosperity. However, the basic fact remains that it is illogical to expect a community hit by the loss of basic industry and bearing the burden of high unemployment to lift itself by its own bootstraps. One of the inevitable results of persistent and substantial unemployment is an erosion of community assets and public revenues. The Federal responsibility is clear and well-established. In the Full Employment Act of 1946 the economic welfare of all our citizens was clearly recognized as a national responsibility. While local initiative will continue to play its full role, the Federal Government should provide technical and financial assistance to these efforts.

Your committee rejects the view that nothing should be done to aid communities and areas with basic economic problems. It disagrees completely with those who feel that the Government should sit

by and let unemployment force people in these hard-hit places to abandon their homes and move elsewhere in search of jobs. Not only is this a callous attitude which ignores the feelings of the people involved but it is a shortsighted attitude. Tremendous sums are invested in homes, schools, and other facilities in these areas, as well as in factory and commercial structures, and it would be wasteful indeed to simply abandon them. Our growing Nation needs all its productive facilities and every effort must be made to put them usefully to work.

The migration of workers from distressed areas is not an adequate answer to the problem. Families are often reluctant to leave their homes and social ties while businessmen find it difficult or impossible to transfer their investment in plant and equipment from one place to another. Moreover, such migration often entails considerable hardship. For example, it frequently happens that a worker will move to another city in search of employment. Often he moves by himself since he cannot afford to take his family with him. He may find a job at first but often the job is not satisfactory because he lacks the appropriate skills, and he runs the further risk of lacking seniority or security in his new job. In a time of general economic contraction this worker may find himself quickly unemployed and forced to return home. In effect, that community must bear some of the unemployment problems of other cities.

These communities are always hardest hit during a recession. While they generally show wider fluctuation over time in the rate of unemployment, they have consistently been far worse off than the country as a whole. As the table below shows, unemployment nationally has ranged from 4 percent of the labor force to 7.7 percent since 1954 for the dates shown. The 17 major areas of substantial and persistent labor surplus have consistently exceeded this rate by a substantial margin. This margin has ranged from 45 percent above the national rate to more than double that rate in May 1958 when the Nation was just past the worst part of a recession. The latest figures (January 1961) show that the 17 major distressed areas are suffering an unemployment rate three-fifths higher than the national average. Although present economic conditions will make the task of relieving the plight of depressed areas somewhat more difficult, they also emphasize the need for prompt action to get a program under way which will relieve the intolerable level of unemployment in these places.

Unemployment rates in the national economy and 17 major areas of persistent and substantial unemployment

	May 1954	May 1957	May 1958	May 1960	January 1961
National total: unemployment rate ¹	5.7	4.0	7.1	4.0	7.7
17 major depressed areas: ²					
Unemployment rate ¹	9.7	6.7	15.2	7.8	12.1
Percentage excess over national rate.....	70	68	114	45	57

¹ Percent of labor force unemployed. Data not seasonally adjusted.

² January 1961 classification. Data are for major mainland areas; exclude 3 areas in Puerto Rico.

NOTE.—There are also 83 smaller areas of substantial and persistent labor surplus having in January 1961 an overall rate of unemployment of 11.9 percent.

Source: Department of Labor.

THE COST OF DOING NOTHING

The persistence of high unemployment in certain areas is not merely a matter of local concern, but of national concern as well. It means, first of all, a loss of opportunity and often genuine privation for the unemployed workers and their families. It means a loss of human dignity which accompanies long idleness for men and women who want jobs, not relief.

It also means failure to utilize people, a loss of valuable man-hours of productive work, a loss of potential production of goods and services for the Nation's use. It constitutes an economic burden in a very real sense, in higher unemployment compensation payments, in relief payments, in lost revenues from taxation, and in production and income foregone.

Even in good times, such as 1956-57, unemployment in chronically distressed areas accounted for at least one-fifth of total unemployment. If the rate of unemployment in these areas could have been reduced to the national average, the jobless total would have been roughly a quarter of a million lower in 1956-57.

If, in November 1960, the rate of unemployment in these areas had been as low as the national average of 5.7 percent—a very high figure—the jobless total would have been roughly 280,000 lower.

It is difficult to estimate the amount of reduction in unemployment compensation which would occur in such areas if the unemployment were reduced only to the average for the Nation as a whole, because a higher percentage of the unemployed in areas of chronic unemployment have, by definition, exhausted their benefit rights. A rough calculation indicates that unemployment compensation payments would have been reduced in these areas by somewhere between \$100 million and \$200 million, depending upon what proportion of people had exhausted their rights in 1960. This assumes the national average benefit payment of about \$33 per week and an average duration of payments of 22 weeks, for persons exhausting benefits in the autumn of 1960. If all 280,000 had been in a position to receive this full amount, the reduction would have been \$200 million. However, studies of earlier years have indicated that around half of the unemployed in chronically depressed areas were no longer eligible to receive unemployment compensation.

In addition to unemployment compensation, relief payments also mount. Unfortunately, there are no comprehensive figures on overall cost. However, it is clear that the total would run into hundreds of millions of dollars. For example, it was brought out in the hearings that in the single year 1960, unemployment compensation paid in the 16 areas of chronic unemployment in the State of Pennsylvania alone totaled over \$82 million while public assistance benefits added another \$48 million. It was estimated that if the unemployment in these 16 areas had been brought down to 3 percent of the labor force, there would have been a saving in these two benefits of nearly \$90 million in that one year in that one State.

New job opportunities in these areas will mean increased income and production which will lead to reductions in the costs of many types of public assistance expenditures as well as increased personal and business tax collections of all types at all levels of government. To the extent that an area redevelopment program is successful, there

would be reductions in many types of Government expenditures and increases in the income of the Government.

CAUSES OF LOCALIZED CHRONIC UNEMPLOYMENT

The causes of local economic problems have been exhaustively explored in congressional hearings on area redevelopment legislation, special congressional investigations and other Government and private studies. In view of this, your committee feels that it is unnecessary to go into detail at this time on the causes of localized economic distress. However, it is useful to describe the general categories of problems which have brought about the need for this legislation.

In general, localized chronic unemployment has arisen because of excessive reliance on a single industry or occupation. This is not to say that the problem concerns only "one industry" towns, for many of them still include thriving but smaller employment opportunities.

Technological advances have wrought dramatic changes in the American economy. In fact, more of our overall economic growth is due to increasing productivity than to expansion of the labor force. These advantages have made our Nation the greatest economic power in the world and the American standard of living the highest in the world. Such changes will continue and should be given every encouragement. However such gains in efficiency are not without problems. Many communities have seen the level of employment in a basic industry drop sharply even though overall production may increase. A striking example of this is the soft coal mining industry. Testimony by the Secretary of Labor pointed out that over the past two decades total output of bituminous coal changed very little, and in 1951 it was only 8 percent less than in 1937—but the number of workers in the industry fell by 63 percent.

Along with technological changes have come important shifts in demand. For example, oil has, to an important extent, challenged both anthracite and bituminous coal and has preempted significant markets. Our Nation's railroads, once operated entirely by coal, have now switched almost entirely to oil-burning diesel engines. This has affected not only the market for coal but has had a special impact on communities, such as Altoona, Pa., which were highly dependent on repair shops for steam locomotives. Similarly, synthetic fibers have made tremendous inroads on silk and wool, and the former has been practically eliminated except for specialized uses.

Migration of industry has also resulted in serious local problems. A major case of this has been the shift of the textile industry from North to South which has been going on since the 1920's. More recently southern communities have themselves been affected by mill closings. The apparel industry has been subject to violent shifts in location since the beginning of the century. The movement out of the large cities to new markets has been frequently recorded. The electronics-parts industry, originally located in the large cities, has been standardized so that production units could be dispersed to other areas. Such migration has taken place at an impressive rate during the last decade. The automobile industry has been highly decentralized as assembly-and-parts plants have been placed nearer the consumer markets. As growth of the industry has been slowed, the older areas have witnessed many plant closings.

Depletion of natural resources is another important cause of local economic problems. The depletion or exhaustion of high-grade and easily accessible seams of coal have contributed to chronic unemployment in the coal-mining areas which have been classified as surplus labor areas for a good part of the time in recent years. Similarly, the exhaustion of accessible and high-grade deposits of zinc, lead, and iron ore have produced substantial unemployment in a few areas. Timberlands which have been cut over within easy range of mills have led to mill closings and reduction of employment in a number of lumber centers in such places as the Pacific Northwest, the northern peninsula in Michigan, and certain areas of the South.

A further special problem is that of rural areas which suffer from chronic unemployment and underemployment. Often these areas show a high dependence on a single crop and frequently individual farms are uneconomically small and the owners lack the capital or credit resources to provide the equipment necessary to maximum efficiency. This problem is one of major magnitude. The Secretary of Agriculture has testified that the underemployment among farm-workers is equivalent to the full unemployment of 1,400,000 workers.

MAJOR PROVISIONS OF THE BILL

Administration of the program

The committee amendment places responsibility for the area redevelopment program in the Secretary of Commerce. This will insure that the problem will receive attention at the highest levels of Government. At the same time an Area Redevelopment Administrator, appointed by the President, by and with the advice and consent of the Senate, will be created in the Department of Commerce. The Administrator will have such authority as may be delegated by the Secretary.

It is recognized that many Government departments can contribute to overcoming these problems and that it will be necessary for the Secretary and his Administrator to work closely with other Government agencies. Therefore, an Area Redevelopment Advisory Policy Board will be established consisting of the heads of related departments and agencies. Also, to take advantage of the ideas and recommendations of interested private groups a National Public Advisory Committee on Area Redevelopment will be established. This will consist of 25 members appointed by the Secretary and representative of labor, management, agriculture, State and local governments, and the public in general. The Secretary may also call together representatives of any groups who can contribute to the solution of these problems.

Redevelopment areas

The Secretary is authorized to designate as "redevelopment areas" those areas in which he determines that there has existed substantial and persistent unemployment for an extended period of time. The bill provides for the mandatory designation of a community which has currently 6 percent or more unemployment (excluding seasonal unemployment) and which has had a rate of unemployment:

(A) 50 percent above the national average for 3 of the preceding 4 calendar years, or

(B) 75 percent above the national average for 2 of the preceding 3 calendar years, or

(C) 100 percent above the national average for 1 of the preceding 2 calendar years.

The national average unemployment rates utilized in 1961 for making these determinations are as follows:

National average unemployment rates

Year:	Rate	Year—Continued	Rate
1957-----	4.3	1959-----	5.5
1958-----	6.8	1960-----	5.6

These criteria clearly limit the program to those places with severe and protracted employment problems. (For a list of those labor market areas which would automatically be designated as industrial redevelopment areas, see appendix A, p. 18.)

Your committee rejected an amendment which would have confined designations under section 5(a) strictly to areas which meet the formula for mandatory designation, but it adopted an amendment requiring the Secretary in the exercise of his discretion to designate additional areas to do so on the basis of standards generally comparable with those set forth in the formula. Your committee is convinced that some flexibility is needed to cover cases which may not come within the strict confines of a rigid formula. The bill limits the use of this discretion to cases where substantial and persistent unemployment has existed in an area for an extended period of time and the area has unemployment conditions generally comparable to those of the areas which qualify for mandatory designation. This would permit the Secretary to take into account such situations as those in Rhode Island. The Providence-Pawtucket labor market area now qualifies for mandatory designation but it may not qualify under the formula in 1962. The area has had unemployment ranging from a low of 7.6 percent to a high of 12.9 percent over the last 5 years, but because the national average unemployment figure was so high in 1960 the area may not qualify under the mandatory designation formula. The Secretary should have discretion to designate areas such as this where unemployment has persisted for years at an extremely high rate.

A further need for providing the Secretary with discretionary authority arises from the fact that there are some communities which have long and unbroken histories of severe unemployment but which in recession years have not exceeded the national average by a full 50 percent. Terre Haute, Ind., and Lawrence, Mass., are examples of communities which might very well warrant such designation.

In addition, the Secretary shall designate as redevelopment areas rural areas in which there exists a condition of substantial and persistent unemployment or underemployment. No exact statistical measure or mandatory designations are set forth for this determination but the Secretary is directed to take into consideration the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of man-

power in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance. (For a discussion of these criteria, see appendix B, p. 91.)

Loans for industrial projects

Many areas of chronic unemployment are well supplied with skilled labor or have a surplus of labor which can be trained for industrial skills. Often they have existing idle plant capacity though this is frequently in need of rehabilitation or remodeling to adapt it to other uses. Many of the areas are well situated near important markets, present or potential, for the goods they could produce. One ingredient is commonly lacking, however, and that is adequate capital resources. The very fact of an economic slump in an area generally absorbs local capital and outside lenders are frequently reluctant to enter the area. Your committee greatly admires the energetic and imaginative efforts of some communities to raise capital through local economic development organizations but the testimony given in hearings clearly indicates that there is a limit to what can be accomplished by these efforts.

The need for financial assistance to encourage the growth of industry is as great in areas now predominantly rural as in urban communities. The problem of unemployment is often partly disguised in rural places in the form of underemployment but the result—poverty and waste of resources—is the same. This problem is alleviated in farm regions dotted by manufacturing or other nonfarm business centers. These serve to strengthen the economic base of an area by diversifying the sources of income. This protects them from the dangers of one-crop and one-industry dependence, by enabling those who live on farms to supplement their incomes. This may take the form of part-time work in the town or seasonal employment, or in many cases one or more of the members of a farm family may work at an industrial job while others operate the farm. Unfortunately, some regions such as the Southeastern States are less favored in existing industrial plant facilities than others. However, many of these presently underdeveloped areas have important advantages to offer industrial firms such as relatively low land costs and an abundant supply of fresh water. Therefore, with only a modest amount of outside financial assistance, there is every reason to believe that a substantial improvement could be accomplished in these areas.

In view of this clear need for additional capital, an essential part of any meaningful Federal program of assistance for areas of chronic unemployment is a provision for loans on reasonable terms. Such assistance will enable these communities to help themselves. It is not a giveaway or a subsidy since these are loans to be repaid with interest. To meet this need the committee amendment authorizes loans for industrial and commercial projects in designated areas. These projects may include the construction of new plants, rehabilitation and improvement of existing buildings and, in exceptional cases, the purchase of machinery and equipment. The loans may be for a period of up to 25 years and cover up to 65 percent of the cost of the project. At least 10 percent of the cost must be met by funds supplied by the State or community or a nonprofit local organization. At least 5 percent must be provided by private lending facilities. The interest rate would be based on the average current yield of

outstanding Treasury bonds of comparable maturity, plus one-half of 1 percent to cover overhead costs. Currently this formula produces an interest rate of 4½ percent for a 20-year loan.

These loans can only be made to applicants, both public and private, which are approved by an agency of the State in which the project is to be located. It must be determined that the project will provide more than just a temporary alleviation of unemployment and that the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms. In addition, the community in which the project is to be located must have prepared a general economic redevelopment program which meets the approval of the Secretary and it must be determined that the project fits in with that program.

The committee amendment authorizes the appropriation of \$100 million for each of two funds, one to be used for loans to urban redevelopment areas and the other for loans for rural redevelopment areas.

Loans and grants for local public facilities

A prime need for the expansion of industry in many places is the improvement of local public facilities, particularly water and sewer systems, including disposal plants. The erosion of local tax bases often makes it difficult for a community to maintain existing facilities and frequently makes it impossible to finance the needed expansion. Thus the community is caught in a vicious circle—improved public facilities are a prerequisite of industrial growth, while industrial growth is necessary to enable local authorities to finance the improvement. Therefore the committee amendment authorizes liberal loans and, where necessary, partial grants to local public authorities and nonprofit local development corporations for the purchase or development of lands for public facility usage and the construction, rehabilitation, expansion or improvement of public facilities within a redevelopment area.

Before any loan or grant can be made, it must be determined that the project will tend to improve the opportunities for the successful establishment or expansion of industry that will provide more than a temporary alleviation of unemployment. The community in which the project is to be located must be covered by an approved economic development program, and the project for which assistance is sought must conform to the program.

The loans may be for a 40-year period and in an amount up to the full cost of the project. The interest rate will be based on the average interest rate paid on the outstanding Treasury debt plus one-fourth of 1 percent for overhead. This will be computed once a year and currently produces a rate of 3½ percent. Before making such a loan, it must be determined that the funds required for the project are not otherwise available on reasonable terms. The committee amendment authorizes an appropriation of \$100 million to establish a revolving fund for these loans.

In some areas it will be found that a community's needs are so great or its financial resources so limited that it is not practicable to improve or expand its public facilities entirely on the basis of borrowed funds. For these areas the bill provides limited Federal grants. Such grants may equal up to 65 percent of the difference between the amount

borrowed from any source for the project and the full development cost. Such grants may be made only if the local authority requesting it will contribute to the cost of the project in proportion to its ability to do so and only if the project to be aided by the grant could not be undertaken without this assistance. The committee amendment authorizes \$75 million for appropriation for these grants.

Technical assistance

The bill authorizes the Secretary to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment to areas which he has designated as redevelopment areas and to other areas which he finds have substantial need for such assistance. Such assistance would include studies evaluating the needs of and developing potentials for economic growth for such areas and could be conducted either by the Secretary's staff or by employing individuals, firms, or institutions. For example, State universities and land-grant colleges might be in a position to make a substantial contribution to the development of areas by this means. Appropriations up to \$4.5 million annually are authorized for this program.

The sound redevelopment of a depressed area should be based on careful study. Early in the program, a technological audit should be made to determine the types of economic activity which would contribute to sound and lasting growth.

A well-planned and carefully executed technological audit should show how the resources of an area could be put to their optimum use. The audit would not be limited to natural resources, although the best use of these should be carefully explored. Recent experiments in the use of coal as a raw material for the chemical industry and in the development of synthetic fuels hold much promise for a revival of the coal industry in some areas currently depressed. Instead of mining coal to be shipped to industrial centers as fuel, however, various types of chemical plants could be attracted to the coalfields since there would be substantial weight loss in the extraction of synthetic gases and chemicals from coal. Experimental work along these lines is now in progress. It could be hastened, however, by financial and technical assistance to labor surplus areas.

Some depressed areas are poorly endowed with natural resources, however, and in other basic resources have been largely depleted. Here the problem would be to discover the locational advantages of these communities for various types of processing, fabricating, and research activities. Specialists in industrial location could help determine the advantages which such locations have to offer to expanding industries. Their analysis would be based on long-term fundamental advantages, and not short-term inducements often artificially created.

Businesses now operating in depressed areas could be encouraged to expand. Many types of specialists could assist in this. Industrial engineers, cost accountants, marketing specialists and others could assist small firms to increase their efficiency and to develop new products and services.

Urban renewal and planning aid

The committee amendment makes it possible for redevelopment areas to participate more fully in the Federal urban renewal program. Under existing law, this program is available to localities which have

undertaken a program to clear and redevelop slums and to rehabilitate blighted areas. Upon compliance with the policies and procedures of the Housing and Home Finance Administrator, a locality may obtain Federal financial assistance in the form of advances, loans and grants for the planning and undertaking of urban renewal projects. Federal advances are used to defray planning and other initial expenses. Temporary loans are used as working capital, largely to acquire land and to pay administrative overhead, and both loans and advances are repaid from the proceeds of land and the Federal grant. Federal grants may not exceed two-thirds of the aggregate net project costs.

While the primary purpose of the urban renewal program is the elimination of residential slums, there is a growing recognition of the importance of nonresidential slum clearance projects. Sound city planning often requires that rundown business districts be rehabilitated or cleared and redeveloped if the city is to fulfill its proper functions. Such redevelopment provides new opportunities for employment and business expansion. Moreover, experience has shown that public revenues can be increased manyfold by eliminating blight and returning land to its highest and best use. By so increasing tax revenues, such projects enable the local government to meet its many other responsibilities toward its citizens.

Not more than 10 percent of future funds made available for capital grants under the urban renewal program can be used for projects assisted under the bill. Funds so used will not be charged to the existing 20 percent authorization for nonresidential projects.

The bill also amends section 701 of the Housing Act of 1954 to permit an urban planning grant to be made directly to cities, other municipalities, and counties in a redevelopment area. As a general matter under present law, only cities, other municipalities, and counties having a population of less than 50,000 are eligible for an urban planning grant, and then only through a State planning agency. Larger cities and counties can generally receive the assistance of such grants only through the work of metropolitan or regional planning agencies.

This provision will encourage small cities and counties in a redevelopment area to take full advantage of the urban planning grant assistance program without the time-consuming delays that would be necessary if they had to comply with existing law and make their applications through a State planning agency. It will also permit cities and counties with a population of 50,000 or more that are situated in a redevelopment area to share in the benefits of this program.

Occupational retraining and subsistence payments

The unemployed in areas of substantial and persistent unemployment face problems which are not shared by those unemployed solely by reason of the current recession in other parts of the country. The testimony before your committee indicates that the basic unemployment problem in these areas is long-term unemployment associated with secular declines in occupations, industries, and areas which reflect the development of new products, changing tastes, and technological change. This is often referred to as structural unemployment. The hearings held by your committee have made clear that many of the unemployed in these areas can obtain new jobs only after they have acquired new skills.

There are two aspects to the problem of obsolescence of their skills. First, a comprehensive analysis of the skills and aptitudes of the area's work force is necessary to determine the types of new industries which can effectively be manned there. It is pointless in these areas to seek new plants which will not be able to ultimately make use of their unemployed. Second, once an approved economic development program for these areas is in existence, and it is generally known what skills will be needed, a program designed to equip the existing labor force with the additional skills it will need must be put in operation. Some means must be provided to sustain the unemployed workers while they are being retrained. All too often they have exhausted their rights to unemployment compensation. Even where this is not the case, in 45 States unemployed persons are denied unemployment compensation while they are in training because they are not "available for work," the test for continued benefit payments. While a more general remedy for this unfortunate situation may need to be found, the bill provides an immediate solution for depressed areas by authorizing subsistence payments, at the average State unemployment compensation rate, for unemployed workers who are taking part in the authorized training programs.

There are numerous examples of the value of such a program. There are cities which have attracted new plants by proving that they had a labor force with the requisite skills, or with aptitudes to learn these skills. There are examples of individuals who have found jobs in their own or nearby areas, once they had had retraining in a shortage occupation. In the course of the hearings, William L. Cooper, supervisor of trade and industrial education, Department of Public Instruction of the State of Pennsylvania reported that in some of the Pennsylvania training programs placement rates of 98 percent are achieved, and their average placement rate for all their programs is around 89 percent.

States and cities are beginning to realize the importance of training in modern manual skills and in modern factory and office procedures, as evidenced by the establishment of regional vocational schools in North Carolina, Kentucky, and other States, both for the relief of unemployment and for better use of manpower in the individuals' and the States' interests.

Accordingly, the Secretary of Labor is authorized to make studies of the skills, adaptability, characteristics, and occupational potentialities of the labor force in any redevelopment area. After an area has an approved economic development program, the Secretary of Labor will determine its occupational training or retraining needs. In areas where educational facilities are needed, the Secretary of Health, Education, and Welfare is to provide assistance, including financial assistance where necessary, to the appropriate State vocational educational agencies so they may provide the facilities or services needed.

Provision is made for the orderly selection and referral of trainees from among the unemployed who reside in the redevelopment area. To the extent that suitable opportunities for employment and applicants for training can be matched, training of unemployed individuals residing in redevelopment areas for job opportunities in other areas is authorized. Appropriations up to \$4.5 million annually are authorized for this program.

In recognition of the fact that the unemployed in need of occupational retraining may also be in need of a minimum level of income

until they can be retrained for useful employment, the bill authorizes a program of retraining subsistence payments. The payments will be made by the States in which redevelopment areas are located under agreements entered into by the States and the Secretary of Labor. The States will act as agents of the United States while making these payments with Federal funds. The amount of the retraining subsistence payments will be equal to the average weekly unemployment compensation payment payable in the State making such payments. The payments will be made only for the period a trainee is receiving occupational training or retraining, but no trainee shall receive such payment for more than 16 weeks. An annual appropriation of \$10 million is authorized for retraining subsistence payments.

As introduced, H.R. 4569 included a provision authorizing the Secretary of Labor to "make appropriate provision for such supervision by the appropriate agency as is necessary to the successful operation of any training program" established under the bill. The sole purpose of including this provision was to assure, through appropriate reports by training institutions and the like, that retraining subsistence payments under section 17 will be paid only to trainees while attending bona fide training programs to which they have been referred. Since this purpose can readily be accomplished under other provisions of the bill, and since the inclusion of this provision led to misunderstandings as to the possibility of the Secretary of Labor supervising State vocational education agencies, your committee struck the provision out of the bill.

SBA loans to local redevelopment corporations

The Small Business Investment Act of 1958 authorizes the Small Business Administration to make plant loans to State and local development corporations where such loans will assist identifiable small business concerns and are made for a sound business purpose. Such loans are limited to \$250,000 for each such identifiable small business concern. The act presently provides that this authority will expire June 30 of this year. Inasmuch as these loans can greatly benefit areas of substantial and persistent labor surplus and will therefore promote the general purposes of the area redevelopment bill, your committee adopted an amendment striking out the June 30 expiration date, thus providing permanent authority for such loans. Through March 17, 1961, loans totaling \$10,700,000 had been made to local development corporations under this authority. No losses have been incurred to date.

Fuller use of Government facilities in redevelopment areas

Your committee adopted an amendment which is intended to provide fuller utilization of idle and partially idle military installations, and Government facilities producing munitions and supplies for the Government, which are located in areas designated as redevelopment areas. In recognition of the fact that such use must be consistent with the national defense, economy in government operation, and other government procurement objectives, the bill does not include any mandatory provisions concerning these facilities but rather provides that the Secretary of Commerce shall study the feasibility of establishing procedures to make better use of these establishments. He will be required to submit to the Congress a report of his findings after he has had an opportunity to develop a workable program along these lines.

APPENDIXES

APPENDIX A

AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT

As of January 1961, the following standard labor market areas would meet the criteria for mandatory designation as redevelopment areas:

MAJOR AREAS—TOTAL, 20 AREAS

Indiana.....	Evansville.
Massachusetts.....	Fall River, Lowell, New Bedford.
Michigan.....	Detroit, Flint.
New Jersey.....	Atlantic City.
Pennsylvania.....	Altoona, Erie, Johnstown, Pittsburgh, Scranton, Wilkes-Barre-Hazleton.
Puerto Rico.....	Mayaguez, Ponce, San Juan.
Rhode Island.....	Providence-Pawtucket.
West Virginia.....	Charleston, Huntington-Ashland, Wheeling.

SMALLER AREAS—TOTAL, 83 AREAS

Alabama.....	Florence-Sheffield, Gadsden, Jasper.
Alaska.....	Anchorage.
Connecticut.....	Ansonia, Bristol, Danielson.
Illinois.....	Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Mount Vernon.
Kansas.....	Pittsburg.
Kentucky.....	Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.
Maine.....	Biddeford-Sanford.
Maryland.....	Cambridge, Cumberland, Hagerstown.
Massachusetts.....	North Adams.
Michigan.....	Adrian, Bay City, Marquette, Monroe, Port Huron.
Minnesota.....	Brainerd-Grand Rapids, Hibbing-Virginia.
Missouri.....	Flat River, Washington.
Montana.....	Butte, Kalispell.
New Jersey.....	Bridgeton, Long Branch, Ocean City-Wildwood-Cape May.
New York.....	Amsterdam, Auburn, Gloversville, Jamestown-Dunkirk, Ogdensburg-Massena-Malone, Plattsburg.
North Carolina.....	Fayetteville.
Ohio.....	Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Portsmouth-Chillicothe.
Oklahoma.....	McAlester, Muskogee.
Pennsylvania.....	Berwick-Bloomsburg, Butler, Clearfield-Du Bois, Indiana, Kittanning-Ford City, Lewistown, Meadville, New Castle, Pottsville, St. Marys, Sayre-Athens-Towanda, Sunbury-Shamokin-Mount Carmel, Uniontown-Connellsville.
Tennessee.....	La Follette-Jellico-Tazewell.
Texas.....	Laredo.
Virginia.....	Big Stone Gap-Appalachia.
Washington.....	Aberdeen, Anacortes, Port Angeles.
West Virginia.....	Beckley, Bluefield, Clarksburg, Fairmont, Logan, Morgantown, New Martinsville, Oak Hill-Montgomery, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

APPENDIX B

(Secretary of Agriculture)

CRITERIA FOR THE IDENTIFICATION OF RURAL "REDEVELOPMENT AREAS"

The Department of Agriculture is especially concerned that efforts be made to improve economic conditions and employment in depressed rural areas that do not qualify under section 5(a). These are the areas described under section 5(b) as being " * * * among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment."

The Department of Agriculture has general information as to where these areas are and has made studies in a number of them that reveal the existence of serious underemployment and unemployment, low incomes and low levels of living.

The seven criteria suggested by the bill permit designation of the most critical areas, and assignment of priorities among them for participation in area redevelopment. The rural development studies of the Department have used some of these criteria to delineate problem areas. We have found that it is helpful to use more than one criterion because some kinds of problems will be revealed by one criterion and some by another. However, the areas delineated by the different criteria tend to overlap so that the most serious problem areas are characterized by the presence of several problems. In selection of rural development areas we do not think it would be necessary to use all of the criteria suggested in the bill in each area.

The first criterion suggested in the bill is the number of low-income families in each area. Using data now available we believe that it would be unwise to establish a hard-and-fast definition of low income. But in our economy, farm families with net money incomes from all sources under \$1,000 certainly have very low incomes. Likewise farm families dependent mainly upon farming who have gross farm product sales under \$5,000 are clearly low-income families. We now have data showing the number of commercial farmers in each county in the United States who in 1959 had farm product sales of less than \$5,000 and the percent that these are of all commercial farms. (This is the second test proposed in the bill.) These figures give only the income from farming, but by the end of 1961 information will be available from the census that will permit us to identify the areas in which a specified number of rural farm families have net incomes from all sources below specified levels. The ratio of the median incomes of farm families to those of nonfarm families also can be shown. We have made and used analyses of these kinds from the 1950 census. With some simple adjustments we can make year-to-year estimates of these income data to keep them up to date.

The relationship of income levels of families in depressed rural areas to general levels of income in the United States is mentioned as a third test. This is a useful criterion to identify the extent of the income gap between farm and nonfarm families in the areas concerned. Information to identify such areas will be available from the 20 percent sample of the 1960 census.

The fourth criterion refers to current and prospective employment opportunities. Studies have been made by the Department of Agriculture in a few low-income farm areas. These indicate a lack of nearby jobs in nearly all areas studied, but there is inadequate information on labor demands by areas to make a nationwide analysis. However, designation of rural areas for immediate action under a redevelopment program can be done now on the basis of the areas in which labor demand information is available through the Department of Labor and elsewhere.

Availability of manpower for supplemental employment is a fifth criterion proposed in the bill.

Much information is currently available in the Department on number of workers, earnings, employment, and characteristic of the labor force in each of the Nation's counties. The availability of workers in these counties for employment will generally be greatly influenced by the size of their present wages or earnings relative to the wages that would be offered by new industries developing in these areas.

The area studies made by the Department of Agriculture furnish evidence that areas of rural low income usually have a supply of manpower available for fuller employment on the farm or at nonfarm jobs. We have an estimate of the national loss in manpower through underemployment in agriculture. We do not have a similar estimate area by area, but in general, the regional information on income levels gives a good indication of the most serious areas of under used manpower.

The extent of outmigration is an important indicator of areas of low economic growth, and limited employment opportunity. This is the sixth criterion proposed. Rates of outmigration of rural farm people by economic areas was used as an important indicator of need for rural development in the nationwide study made by the Department of Agriculture in 1955. Information on rates of outmigration of rural people and of the population was obtained in the census of 1959 and will be available this year.

The seventh criterion, percent of population receiving some kind of public assistance, might be used as an indicator of extent of distress in local areas but such information would need to be analyzed carefully because of the different standards used among States and localities in the operation of welfare programs. While this criterion would be useful, it would not be necessary to the selection of areas.

Minority View
of
an ineffective bill

MINORITY VIEWS

INEFFECTIVE BILL

This is not a bill to solve the general unemployment problem. This is not a bill to meet the problems arising from structural unemployment. This is not even a good depressed-areas bill. Only about 1 out of 17 unemployed workers in industrial depressed areas and only about 1 out of 37 underemployed workers in rural areas could get jobs out of this bill.¹ Only about 1 percent of the unemployed workers in both types of areas could get retraining subsistence payments out of the funds provided.² Passage of this bill could only bring bitter disillusionment to most of the unemployed in most of the depressed areas.

To us, all the fight there has been about a new agency to administer this program is ludicrous. The effort might better have been spent in trying to devise a workable bill. The facts are, a far more effective program to achieve the objectives of this bill can be formulated within the existing departments and agencies of government. Here is the way it could be done.

PLANT LOAN FUNDS

The bill would establish a new \$200 million Government loan program for the construction of and improvement of industrial and commercial facilities. Presumably half of this amount would be available for urban areas and the other half for rural areas. Actually to meet the indicated need of depressed areas, loan funds of at least \$3 billion would be required.

Congress does not need to tap the taxpayer for any such sums as that. In the 1950's, by the simple device of accelerated tax amortization, we achieved a \$40 million expansion in the Nation's productive capacity for defense and mobilization purposes. That program expired on December 31, 1959. The figures are impressive. Applications filed totaled \$62.3 billion, facilities costing \$39.9 billion were certified and accelerated amortization of 59 percent or \$23.3 billion was granted. From December 31, 1952, to December 31, 1956, we had an accelerated tax amortization program operating in rural areas. It was designed to stimulate the construction of grain storage facilities. It was spectacularly successful. Promptly the problem of the acute shortage of such facilities was solved.

An accelerated tax amortization program for both industrial and rural depressed areas would leave the business decisions to private enterprise. No worthwhile opportunity for a sound business venture

¹ Based on (a) average plant investment of \$4,000 per job with Federal Government providing 65 percent or \$2,600 per job; (b) Federal plant loan funds of \$100 million for industrial areas and \$100 million for rural areas; and (c) unemployment of 648,000 in 103 qualifying industrial areas according to statistics of the Department of Labor, and underemployment equivalent to 1,400,000 unemployed in rural areas according to testimony of the Secretary of Agriculture.

² Based on (a) average payment of \$30 per week for 16 weeks or \$480 per worker; (b) \$10 million retraining subsistence payments; and (c) 2,048,400 unemployed as noted in footnote above.

would be overlooked. It would avoid all the pitfalls a Federal loan program would encounter in federalizing plant location. No new Federal lending bureaucracy would be required. An amendment to the Internal Revenue Code is all that is needed. Two bills that would accomplish this are before the Congress—H.R. 274 and H.R. 5226.

PUBLIC FACILITY LOAN PROGRAM

The bill would set up a new \$100 million Federal loan program to finance public facilities in depressed areas. That would needlessly duplicate the existing public facility loan program of the Community Facilities Administration in the HHFA. It presently has a \$150 million loan authorization. It operates on a nonsubsidy basis in that loan rates are set at the current cost of money to the Government for comparable maturities plus one-fourth of 1 percent to cover administration and losses. Depressed-area communities as well as all other types of communities are eligible to borrow under the program.

We would support an amendment to the existing law to give that program additional funds and establish a priority for loans in depressed areas. If that was done a startling fact would emerge. Depressed-area communities would make very little use of the authority. The truth of the matter is that most local communities, depressed or otherwise, with the benefit of tax exemption for their securities, can borrow in the private investment market at an interest cost less than the Federal Government can offer on an unsubsidized lending basis. For example, take the case of Johnstown, Pa. It is a bituminous coal mining community. Johnstown has been listed by the Department of Labor as a labor surplus area in every monthly report since May 1953. Under every bill considered by the Congress over the past 5 years, Johnstown qualified as a depressed area. Under this present bill, Johnstown is one of the 20 major areas that would have to be classified as eligible for assistance. As a matter of fact, in November 1960, the 15.3 percent unemployment rate for the Johnstown area was the highest of any of the 20 major qualifying areas and compared with the average unemployment rate for the group as a whole of 9.1 percent. Johnstown is the classic example of a so-called depressed area. But on February 16, 1961, the Johnstown, Pa., Municipal Authority sold in the private investment market a \$5 million sewer revenue bond issue with serial maturities from 1963 to 1986 at a net interest cost of 3.9748 percent. That compares with the unsubsidized 4.125 percent rate the Federal Government would have charged under the provisions of this bill as it was introduced.

The favorable private market borrowing experience of Johnstown is by no means unique among the depressed areas. Port Huron, Mich., on October 31, 1960, borrowed at a net interest cost of 2.89 percent; Uniontown, Pa., on November 1, 1960, borrowed at a net interest cost of 3.82 percent; New Bedford, Mass., on November 10, 1960, borrowed at a net interest cost of 2.50 percent; Detroit, Mich., on December 6, 1960, borrowed at a net interest cost of 3.53 percent; Evansville, Ind., on January 24, 1961, borrowed at a net interest cost of 2.9916 percent; Providence, R.I., on February 15, 1961, borrowed at a net interest cost of 3.28 percent; and South Charleston, W. Va., on February 16, 1961, borrowed at a net interest cost of 3.674 percent. Two years ago in our minority views on S. 722 we submitted a table

showing that in the preceding year 75 of the then eligible depressed areas actually had borrowed \$152 million of funds from the private investment market at favorable rates of interest.

There, of course, is no mystery about this borrowing experience. The cold, calculating private investment market appraises municipal credit from a positive rather than negative point of view. When there is 6 percent unemployment in a community, the private investment market can find value in the 94 percent employment that exists; with 10 percent unemployment, value in the 90 percent employment that exists; and, even as in the case of Johnstown, Pa., with 15 percent unemployment, a very respectable basis of credit in the 85 percent of employment that still remains.

Unfortunately, the nonsubsidized interest rate formula in the bill as it was introduced, has not been preserved. It has been tinkered with and replaced with a Federal subsidy rate formula. Thus Federal funds would be used to replace financing which the private investment market readily provides at reasonable rates of interest. Each year the private investment market absorbs around \$7 billion of State and municipal bond issues. In our opinion it would be most unwise and unnecessary to take this step in the direction of federalizing municipal finance.

GRANTS FOR PUBLIC FACILITIES

This provision of the bill is fantastic. Under it, in effect, you could have a Federal grant school bill, a Federal grant highway bill, a Federal grant hospital bill, a Federal grant airport bill, a Federal grant park bill, and a host of other Federal grant bills as long as the grants related to needed public facilities within a redevelopment area. And you could have all these without the many other problems which seem to arise when such programs are considered on an individual basis. Of course, the \$75 million authorized appropriation would be a limiting factor but it would be enough to get a foot in the door and establish the principal of the omnibus Federal grant bill.

It is claimed this section of the bill (sec. 8) is to provide Federal grants to communities, particularly smaller communities, which are in desperate financial condition, to enable them to provide needed public facilities in depressed areas. But that is not what the bill says at all. The very first sentence of the section specifically provides that any State is eligible as an applicant for the grant assistance. And under the broad authority granted by the first sentence of section 5(a) there can be no question but that a whole State could be declared a depressed area or redevelopment area as it is termed in the bill. If it was not intended that this could and would be done, it of course would make no sense to make a State eligible for the grant assistance as section 8 specifically does. Those who think this is supposed to be a bill to aid hard-core depressed areas ought to be very disturbed about the many broad and loose provisions of this bill, particularly when they are considered in conjunction with each other. Aid intended for the truly chronic depressed areas can be dissipated over many other areas of far less urgent need.

Eligible applicants for the public facility Federal grant assistance also include any "private or public nonprofit organization or association representing any redevelopment area or part thereof." That broad language could include a local chamber of commerce, a local

labor union, a church, a PTA, or a local civic association. All of these worthy organizations as well as innumerable others would certainly qualify as organizations "representing" a "part" of a redevelopment area. And there is little doubt they could come up with an almost unlimited number of public facility projects, each one of which would "fulfill a pressing need of the area, or part thereof" and for which there would be "little probability that such project can be undertaken without the assistance of a grant under this section."

We cannot conceive of the Congress establishing any such policies as those contained in this section of the bill. We want no part of any such proposal.

URBAN RENEWAL AMENDMENTS

It doesn't take a depressed-areas bill to amend the Urban Renewal Act. The principal change the provisions of this bill would make in that act would be to permit industrial and commercial property to be developed without meeting any requirement as to demolition or construction of housing in connection with the project. We think there is merit in the proposal but why confine it to just depressed-area projects. A good principle ought to be applicable on a general basis. Of course, proper safeguards should be provided so that owners of dilapidated property can't work a racket out of disposing of their properties at inflated prices under the program. An amendment of this nature belongs in a housing bill, not in this bill.

TECHNICAL ASSISTANCE

At the present time there is an Office of Area Development in the Department of Commerce. It serves as a central point in the Federal Government for providing technical assistance to community and State organizations and delegations seeking economic development assistance under various Federal programs. For instance, the Office advises communities and industries of new products and processes ideas and information which is available from the Patent Office, Bureau of Standards, and Office of Technical Services, in Commerce, as well as the Department of Defense, Department of Agriculture, Small Business Administration, and other parts of the Federal Government. The Office informs private industry of special locational advantages (including Federal procurement set-asides and "Buy American" preferences) of unemployment areas for the location of new production and distribution facilities. This is accomplished through direct counseling of industry and through preparation of "industrial fact sheets" on labor surplus areas which itemize locational assets, and through meetings with business advisory groups. An annual Washington conference is held with State officials so that they may make full use of the various Federal programs in their economic development work. In fiscal year 1952, the Office of Area Development had nine employees with a budget of \$60,000. By fiscal year 1961 the Office had expanded to 44 employees with a budget of \$427,000. This bill would expand that budget authorization over tenfold to appropriations of \$4.5 million annually. The Department of Commerce without this section of the bill, of course, could request an increase in the appropriation for its Office of Area Development just as it has been doing for the past several years.

OCCUPATIONAL TRAINING

We are not opposed to vocational training programs. Throughout the hearings on the bill there was a fair amount of interesting discussion on this phase of the bill but no one seemed to have very definite information as to just what could be accomplished under the program or just now it would operate. Despite the fact the Department of Health, Education, and Welfare would be given the responsibility for making the program work, no witness from that Department testified before the subcommittee. This fact is most regrettable. The Department of Health, Education, and Welfare is most actively engaged in vocational training and retraining programs. Its Office of Education administers Federal grants to land-grant colleges. Under the National Defense Education Act of 1958, the Office provides for Federal participation in a wide variety of educational programs including vocational education. The Office administers the Vocational Education Act (including the Smith-Hughes Vocational Education Act) which provides a program of grants to States for training students and teachers in agriculture, home economics, trades and industry, distributive occupations, practical nursing, and the fishing trades. There are also grants made to support the training of highly skilled technicians. All such grants are allotted among the States according to various formulas and State matching is required. Appropriations for this program run somewhat over \$30 million annually. The Department's Office of Vocational Rehabilitation provides Federal grant-in-aid funds matched by State funds in the conduct of vocational rehabilitation programs, including vocational counseling and training, in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

The provision in this bill would set up a new \$4.5 million per year vocational training and retraining program with no guidelines being established or attempt made to correlate it with existing programs. In our opinion that would be very loose legislative procedure.

RETRAINING SUBSISTENCE PAYMENTS

Under various existing programs, benefit payments are provided for a limited period of time to unemployed persons. Early in March the Congress passed the Temporary Extended Unemployment Compensation Act of 1961 which provides for approximately \$1 billion of additional unemployment benefits to persons who exhaust their existing benefit rights before March 31, 1962, with a limitation that no more than 13 weeks of temporary benefits could be paid to any person. The temporary extension program will be financed by an additional 0.4 percent tax imposed on all taxable employers for calendar years 1962 and 1963.

This bill (sec. 17) for covered unemployed persons would provide a second extension for an additional 16 weeks in unemployment benefits. These payments, although they could not be made concurrent with, nevertheless could be made before, during, or after the period of time when other unemployment compensation benefits are available. Appropriations of \$10 million annually, purely from Federal funds, would be provided to finance this program which would be on a permanent basis. It would also bracket in other unemployed persons not subject to the compensation acts. The condition for these pay-

ments would be that the individual reside in a redevelopment area and be engaged in an approved retraining program. The payments are labeled "retraining subsistence payments."

Should not the Congress, before it embarks on this new program, take another look at its existing unemployment compensation programs including the recently enacted temporary extension to see if it cannot work out a program whereby those benefit payments could be utilized as subsistence payments for unemployed workers undergoing retraining? In States where laws require that the recipient be available for a job, an afterhours or evening retraining program could be put in effect. As a matter of fact the most readily available vocational retraining facilities would be those in our educational institutions which probably only could be used on an afterhours basis. Perhaps employers could be encouraged to conduct retraining programs in idle facilities or on an afterhours basis if an incentive was provided in the form of a rebate on the unemployment taxes they are required to pay. We believe that a proposal dealing with unemployment compensation ought to be handled by the committee of Congress charged with the responsibility for legislation in this field, namely, the Ways and Means Committee. It is our understanding that that committee later in the year is to consider legislation dealing with permanent changes in the unemployment compensation system.

CONCLUSION

In our opinion this is an ineffective bill. Under it, disillusionment rather than accomplishment is the fate in store for most of the depressed areas. We believe a far more effective program could be achieved much more quickly by utilizing the device of accelerated tax amortization, as provided for in H.R. 274 and H.R. 5226, to promote plant construction in depressed areas. Forty billion dollars of defense facility construction in the 1950's, achieved under an accelerated tax amortization program without any new Federal lending bureaucracy, attests to the effectiveness of the procedure. Undesirable federalizing of plant location would be avoided. The driving force of competition would be activated for business development in depressed areas. Employment opportunities would be created. A better job of providing jobs for the unemployed in the depressed areas could be achieved by the substitute program.

CLARENCE E. KILBURN.
GORDON L. McDONOUGH.
WILLIAM B. WIDNALL.
EUGENE SILER.
FLORENCE P. DWYER.
EDWARD J. DERWINSKI.
JAMES HARVEY.
JOHN H. ROUSSELOT.

ADDITIONAL VIEWS OF MRS. DWYER

Although I agree in most respects with the points made in opposition to the present bill by the minority report, I believe certain of these points should be emphasized and others should be added:

(1) Opposition to the committee bill should not be construed to mean that I oppose area redevelopment legislation. On the contrary, I share very strongly the view expressed in the platform adopted by the 1960 Republican National Convention—

To that end we favor discharge by Government of responsibility for those activities which the private sector cannot do or cannot so well do, such as constructive Federal-local action to aid areas of chronic high unemployment * * *.

The committee bill fails to meet the test of "constructive Federal-local action" because it tries to do too much for too many areas—thus the assistance it provides would tend to be dissipated—and because it seeks to create a new Federal program, in large measure, from already available programs which could, instead, be tailored and expanded to meet the present needs of chronic labor-surplus areas.

(2) In view of the many questions which have been raised as to the practical effects of such a comprehensive area redevelopment program as envisaged in the committee bill, it seems to me the Congress would be better advised to concentrate the proposed assistance in a limited number of chronically distressed areas. This would assure maximum effectiveness of the Federal help. It would eliminate the uneconomic and wasteful competition for the assistance between various areas of the country. It would provide a conclusive test or demonstration of the validity of the economic concepts involved in such a program and the effectiveness of the economic tools. And, finally, it would make certain that the aid was directed to those areas which needed it most and which could use the help most constructively.

With respect to this last point, I was struck by Labor Secretary Goldberg's frank response, during subcommittee hearings, to my question about the availability of comprehensive data distinguishing between those areas where the present labor surplus is the result primarily of the present recession and areas where unemployment is caused chiefly by automation or other technological changes, foreign competition, relocation of industry, shifts in market demand, or other so-called structural changes.

Secretary Goldberg replied that no comprehensive data is available—a situation which seems to me to dictate the kind of program I have suggested. Individual areas, as Mr. Goldberg indicated, have been studied from this point of view, and so it would be feasible to select a limited number of those areas where conditions are such that Federal aid could be effectively utilized.

The pilot program announced in January by the new administration for the distribution in selected areas of surplus foods under the food

stamp plan might be a useful example of the kind of demonstration program I have in mind in the field of area redevelopment.

(3) Because of the nature of chronic unemployment, the most effective tool we can use, I believe, is a cooperative Federal-State program for the retraining of jobless workers whose skills have become obsolete or unneeded. Such a program, while it would parallel in some respects existing vocational training programs, ought to stress courses designed especially for older workers and heads of families.

My own experience this year in the Sixth Congressional District of New Jersey confirms the importance of this kind of training program. During a tour of employment offices in the area, it became obvious that a high percentage of the unemployed were unskilled or partially skilled workers. At the same time, these local offices were seeking a large number of workers in a variety of occupations that required technical skills or special training. While the Sixth District is by no means a chronically distressed area, the situation I found there is universal and it represents in a striking way the need for an expanded industrial training or retraining program.

(4) In any program of area redevelopment, we must guard relentlessly against the possibility of Federal funds being used to lure industry from an already industrialized area into a labor-surplus area. The antipirating provision in the committee bill is, in my judgment, inadequate. It would not, for instance, prohibit a company from locating a branch in a labor-surplus area, with Federal assistance, and then gradually shifting production of a certain item from the older plant to the newer one. The decision to transfer production is an economic one, and no one can complain too greatly if management makes a move for good economic reasons. We can complain, and mightily, however, when Federal funds are used as an artificial encouragement to make such a move, whether in full or in part. This is economic piracy and taxpaying employees should not be called upon to finance the loss of their own jobs. To the extent that new job opportunities in labor-surplus areas are created from lost opportunities in other areas, we are simply transferring unemployment—a situation we must avoid at all costs.

Any area redevelopment bill adopted by Congress should include provisions, as airtight as possible, protecting established industrial areas from such economic piracy.

(5) It is important to remember that an area redevelopment bill is not supposed to be antirecession legislation. The problems such legislation is designed to attack are fundamentally different from the problems created by relatively short-term business adjustments. As several leading economists have pointed out recently, the volume of residual long-term unemployment has increased after recovery from each of the economic recessions of the past decade. Unemployment at the peak of the 1953 boom was 2.7 percent of the labor force. It measured 4.2 percent at the peak of the 1957 recovery and reached 4.8 percent at the top of the 1960 boom.

Long-term unemployment is an extremely serious problem. It deserves careful thought and thorough action.

ADDITIONAL VIEWS OF MR. HALPERN

I believe it is important that the Nation recognize affirmatively that very real and serious economic problems exist in particular areas of the country. Chronic unemployment, obsolescent factories, migration of plants, depletion of resources, and other factors are turning or have turned once flourishing cities into deteriorating communities. The principle embodied in legislation considered by the committee—the need to initiate a program to provide for the curing of such civic blight—is highly desirable.

However I am concerned that S. 1 as reported, does not contain strong enough language to effectively prevent the raiding of industries in some areas which could cause the economic decline of currently thriving communities, thereby defeating its prime purpose. I am not convinced the bill as reported has sufficient standards and effective protections against the migration, or pirating of industries from established areas into distressed ones. I recognize that it would be exceedingly difficult to write an ironclad provision into the bill preventing such shifts in the location of industries. I feel, however, that the relevant provisions in S. 1 can be tightened, and more definite standards prescribed for its administration.

I believe that the purposes of the bill should be directed toward the objective that new jobs should be created in distressed communities rather than being transferred from another area, and that no Federal assistance would or should be extended for any project involving the removal of a facility from one community to another.

As Mr. H. Christian Sonne, chairman of the board of directors of the National Planning Association, testified last year—

and effective depressed areas program must contribute to an increase in total production and total employment, not merely to a shift of production and employment from one area to another. We are seeking a program to help depressed areas participate in national economic growth and well-being, not to distribute the distress more evenly throughout the economy.

The possibility of "distributing the distress more evenly throughout the economy" is precisely what disturbs me about the standards in S. 1 as reported, relating to the runaway shop. I favor a program aimed at creating and encouraging new industry and economic development in distressed areas, not one which permits or even encourages a further degree of deterioration of thriving communities through the migration of plants.

Change is essential in our national growth, and when an industry migrates from one community to another on its own motivation and volition, that is one thing, but when it does so under inducements provided in a Government program, it is an entirely different and in my opinion unconscionable matter.

The preamble of S. 1 as reported, states in part—

that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources.

But nowhere in the preamble is mention made of the 'supposed intent of Congress to guard against the pirating of industry or the runaway shop. There is only this tangential reference to creation of industry as opposed to relocation.

Furthermore, neither section 6(a) which provides for the loans of the program nor the urban renewal section contain specific sanctions upon the "pirating" or "raiding" of industry.

It must constantly be borne in mind, during the deliberation of this legislation that if the proposed transfer of a plant from one area to another will create unemployment in the area it leaves as it absorbs in the area it moves to, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms and the creation and development of new businesses or new branches of firms in business elsewhere, without at the same time reducing existing employment opportunities, is the aim of this Federal assistance.

I believe that the following recommendations would clarify the situation and provide the administrators of this law the tools to prevent the raiding of developed and thriving areas.

(1) The preamble should be made stronger by providing that it is not the intent of this bill to merely transfer employment opportunities from one area of the United States to another.

(2) Section 6(a) should prohibit loans if it would result in an increase in unemployment in an area of original location.

(3) The urban renewal provisions should be amended to give the Administrator the power to determine if an increase in unemployment in an original location would result from aid to another area.

Such clarifications would provide clear and specific guidelines to the administrators of the bill; they would emphasize the creation of new opportunities and economic growth; and they would discourage the raiding of developed areas.

In the 86th Congress both the House and Senate saw fit to add almost identical amendments to the depressed area bill. As the one who offered those amendments in the House, I feel that legislative history was established in connection with the measure before Congress at that time. I feel, likewise, that the legislative history of S. 1 should be clearly established during the deliberation on the present bill so that there will be no qualifications or questions as to interpretation of the antipirating provisions.

I hope that this point will be clarified on the floor of the House through the adoption of such amendments as I propose.

SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

Section 1. Short title

This section provides that the bill may be cited as the "Area Redevelopment Act".

Section 2. Declaration of purpose

This section declares it to be the purpose of the bill to provide Federal help for areas needing economic redevelopment so that they can expand their economic activities and alleviate the substantial unemployment and underemployment that prevails within such areas. This would be accomplished by assisting communities, industries, enterprises, and individuals to create new employment opportunities by developing and expanding new and existing facilities and resources.

Section 3. Area Redevelopment Administrator

This section provides for the appointment by the President (subject to Senate confirmation) of an Area Redevelopment Administrator in the Department of Commerce at a rate of compensation equal to that received by Assistant Secretaries of Commerce (presently \$20,000 a year). The Administrator would perform such duties under the bill as the Secretary of Commerce may assign.

Section 4. Advisory Policy Board

Subsection (a) creates an Area Redevelopment Advisory Policy Board to advise the Secretary of Commerce in the performance of his functions under the bill. The Board would be composed of the Secretary of Commerce, as Chairman, and seven other department and agency heads whose functions are related to (or could assist in) the improvement of economic conditions in redevelopment areas. Any member of the Board could designate an officer of his agency to act for him as a member of the Board. The Chairman could invite other interested officials in the executive branch to participate in the functions of the Board.

Subsection (b) directs the Secretary of Commerce to appoint a 25-member National Public Advisory Committee on Area Redevelopment, to be composed of representatives of labor, management, agriculture, State and local governments, and the general public, one of whom would be designated as Chairman by the Secretary. The Committee would be required to meet at least twice a year and would make recommendations to the Secretary from time to time to assist him in carrying out his duties under the bill.

Subsection (c) authorizes the Secretary to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who could assist in meeting the problems of unemployment or underemployment in redevelopment areas.

Section 5. Redevelopment areas

This section provides for the designation by the Secretary of redevelopment areas within the United States. The designation of

an area under this section would be necessary before such area could receive assistance under section 6, 7, 8, 14, 15, 16, or 17 of the bill.

Subsection (a) directs the Secretary to designate as "redevelopment areas" those areas within the United States in which he determines (using standards generally comparable to those established by this subsection for mandatory designation) that substantial and persistent unemployment has existed for an extended period of time. The Secretary would be required to include among such areas any area where the rate of unemployment (excluding temporary or seasonal unemployment) is currently 6 percent or more and—

(1) has both averaged 6 percent or more and been 50 percent above the national average during 3 of the preceding 4 calendar years, or

(2) has both averaged 6 percent or more and been 75 percent above the national average during 2 of the preceding 3 calendar years, or

(3) has both averaged 6 percent or more and been 100 percent above the national average during 1 of the preceding 2 calendar years.

The Secretary of Labor would be required to make the findings of fact and provide the data used by the Secretary of Commerce in making the determinations required by this subsection.

Subsection (b) directs the Secretary of Commerce to designate as "redevelopment areas" areas within the United States (including Indian reservations) which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making these designations the Secretary would be required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the ratio of low-income families to the total farm families of each of such areas, the relationship of the income levels of families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration from such area, and the proportion of the population in each such area which has been receiving public assistance from the Federal, State, or local government. In making these determinations, the Secretary would be guided (but not conclusively governed) by studies made, and information compiled, by Federal agencies, State and local governments, educational institutions, and private organizations.

✓ Subsection (c) directs the Secretaries of Labor, Agriculture, and Interior and heads of other Federal agencies, upon the request of the Secretary of Commerce, to conduct special studies and compile and furnish to the Secretary of Commerce such information as he may deem necessary to enable him to make the determinations required under subsection (b). The Secretary of Commerce would reimburse the foregoing officers when appropriate, from funds appropriated to carry out the provisions of the bill, for expenditures incurred by them under this section.

Subsection (d) defines the term "redevelopment area" to mean any area within the United States which has been designated by the Secretary as a redevelopment area.

Section 6. Loans and participations

Subsection (a) authorizes the Secretary of Commerce to make loans (and participations in loans) and purchase evidences of indebtedness to assist in financing the purchase and development of land and facilities for industrial and commercial use in redevelopment areas, including the construction of new buildings and the rehabilitation, alteration, conversion, or enlargement of existing buildings (and including machinery and equipment in exceptional cases). Such assistance could not be extended for working capital or to assist establishments relocating (totally or partially) from one area to another.

Subsection (b) imposes the following restrictions and limitations on the financial assistance which may be extended under this section:

(1) The total amount of assistance outstanding at any one time with respect to industrial areas (designated under sec. 5(a)) could not exceed \$100 million, and with respect to rural areas (designated under sec. 5(b)) could not exceed \$100 million.

(2) Assistance could be extended to private or public applicants, but only to those approved therefor by the State (or an economic development agency or instrumentality thereof) in which the project to be financed would be located.

(3) The project must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment in the area.

(4) No assistance could be extended if it is otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) No loan could be made if a participation is available.

(6) Reasonable assurance of repayment would be required.

(7) No assistance could be provided for a period exceeding 25 years (except in cases involving the obligor's bankruptcy or insolvency); but the Secretary could extend or renew a loan (or, in the case of an evidence of indebtedness, take appropriate action to defer repayment) for an additional period not exceeding 10 years where such extension, renewal, or other action would aid in orderly liquidation.

(8) Assistance under this section would bear interest at not more than the average yield on outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under this section (the rate paid by the Secretary for funds obtained from the Treasury under sec. 9(d)(1)), plus one-half of 1 percent (this works out currently at 4½ percent for a 20-year loan).

(9) Such assistance could not exceed 65 percent of the total cost of the project involved, exclusive of other Federal aid, and the following conditions, among others, would be applicable:

(A) The total of funds available from all sources (including assistance under this section) must be sufficient to complete the project.

(B) At least 10 percent of the total cost of the project must be supplied by the State or an agency, instrumentality, or subdivision thereof, or by a community or area organization, as equity capital or as a loan; and any such loan would have to be repayable only after the Federal financial assistance extended under this section has been repaid, with its security (if any) being subordi-

nate to any lien securing the Federal financial assistance extended under this section.

(C) At least 5 percent of the total cost of the project must be supplied by nongovernmental sources as equity capital or as a loan; and any such loan would have to be repayable only after the Federal financial assistance extended under this section has been repaid, with its security (if any) being subordinate to any lien securing the Federal financial assistance extended under this section.

(D) The Secretary could provide, except in the cases noted in (B) and (C) above, that the Federal financial assistance extended under this section would be repayable only after other loans with respect to the same project have been repaid and that any Federal lien would be subordinate to other liens.

(10) No assistance could be extended under this section unless an overall program for the economic development of the area has been submitted to and approved by the Secretary, and the project for which such assistance is sought is consistent with such program and with State and local law.

Section 7. Loans for public facilities

Subsection (a) authorizes the Secretary to make loans to State or local governments, Indian tribes, or private or public nonprofit organizations for the purchase or development of land for public facilities in redevelopment areas, and for the construction, rehabilitation, expansion, or improvement of public facilities in such areas. Such a loan could be made only if (1) the project will tend to improve opportunities for the successful establishment or expansion of industrial or commercial plants or facilities; (2) the funds sought are not otherwise available on reasonable terms; (3) the loan plus other available funds will cover the cost of the project; (4) there is reasonable expectation of repayment; and (5) the area has an approved economic development program and the project conforms with such program.

Subsection (b) provides for maximum loan maturities of 40 years (with a possible extension of 10 additional years where it would aid in orderly liquidation); and for a maximum interest rate equal to the higher of $2\frac{1}{2}$ percent or the average rate on all outstanding U.S. obligations computed as of the end of the preceding fiscal year (the rate paid by the Secretary for funds obtained from the Treasury under sec. 9(d)(2)), plus one-fourth of 1 percent (this works out currently at $3\frac{1}{2}$ percent).

Subsection (c) establishes a limit of \$100 million on the total amount of such loans which may be outstanding at any one time.

Subsection (d) provides that no loan could be made with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless such State regulatory body determines that there is a need for an increase in such service, in the area to be served by the public facility for which the loan is requested under this section, which such existing public utility is unable to meet through its existing facilities or through an expansion it is prepared to undertake.

Section 8. Grants for public facilities

Subsection (a) authorizes the Secretary to make grants to State or local governments, Indian tribes, or private or public nonprofit organizations for the acquisition or development of land for public facilities in redevelopment areas, and for the construction, rehabilitation, expansion, or improvement of public facilities in such areas. Such a grant could be made only if (1) the project will tend to improve opportunities for the successful establishment or expansion of industrial or commercial plants or facilities; (2) the entity requesting the grant will contribute to the cost of the project in proportion to its ability to contribute; (3) the project is urgently needed in the area and could not be undertaken without such a grant; and (4) the area has an approved economic development program and the project conforms with such program. No such grant could exceed 65 percent of the difference between the total cost of the project and the amount available for it under other Federal programs or as loans from other sources.

Subsection (b) directs the Secretary to issue regulations to insure that Federal funds granted under this section are not wasted or dissipated.

Subsection (c) contains the same protection for existing public utilities under the grant program as section 7(d) provides for such utilities under the loan program.

Subsection (d) authorizes appropriations not exceeding \$75 million for grants under this section.

Section 9. Area redevelopment fund

Subsection (a) establishes in the Treasury an area redevelopment fund, which would be available to the Secretary of Commerce to extend financial assistance under sections 6 and 7, and for the payment of all obligations and expenditures arising therefrom.

Subsection (b) authorizes appropriations of not more than \$300 million for the purpose of making advances to the fund when requested by the Secretary.

Subsection (c) provides that receipts from the programs of assistance under sections 6 and 7 would be credited to the fund and any amounts in the fund in excess of current needs would be credited to the appropriation from which advanced and held for future advances to the fund.

Subsection (d) provides that interest be paid (1) on advances made to the fund for plant loans under section 6 at rates based on the current average market yields of outstanding marketable U.S. obligations having maturities comparable to such loans (currently about 3½ percent for 20-year loans), and (2) on advances to the fund for public facility loans under section 7 at the same rates as are applicable to funds obtained from the Treasury under the college housing loan program (currently 3¼ percent). Interest payments made under this subsection would be covered into the Treasury as miscellaneous receipts.

Subsection (e) provides that the contributions to be made from the area redevelopment fund to the civil service retirement and disability fund, with respect to employees performing activities authorized under sections 6 and 7 and covered by the Civil Service Retirement Act, would be determined by applying to the total basic salaries of such employees the percentage rate determined annually by the Civil

Service Commission to be the excess of the total normal cost percentage rate of the civil service retirement system over the employee deduction rate specified in section 4(a) of the Civil Service Retirement Act. There would be paid from the area redevelopment fund into the Treasury as miscellaneous receipts the portion of the cost of administration of the civil service retirement and disability fund determined by the Civil Service Commission to be attributable to such employees.

Subsection (f) directs the Secretary, with respect to functions vested in him by sections 6 and 7, to prepare and submit an annual budget program in accordance with the provisions of the Government Corporation Control Act relating to wholly owned Government corporations, and to determine the character of, and the necessity for, obligations and expenditures, and the manner in which they shall be incurred and paid, subject to provisions of law applicable to Government corporations.

Section 10. Information

This section directs the Secretary to aid redevelopment areas by furnishing to individuals, communities, industries, and enterprises in such areas any form of assistance, information, or advice obtainable from Federal agencies which would be useful in alleviating conditions of unemployment or underemployment in such areas, and to provide similar aid to other areas where it would be useful in preventing such conditions. In addition, the Secretary would be required to furnish the procurement divisions of Federal agencies with the names and addresses of business firms (located in redevelopment areas) which are desirous of obtaining Government contracts to furnish supplies or services, and designating the supplies or services such firms are engaged in providing.

Section 11. Technical assistance

This section authorizes the Secretary to provide technical assistance to redevelopment areas and to other areas which he finds have substantial need for such assistance, including studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Appropriations of not more than \$4,500,000 annually would be authorized to carry out this section.

Section 12. Powers of Secretary

This section provides the Secretary with the administrative powers needed to carry out the area redevelopment program under the bill. The Secretary would be authorized (among other things) to hold hearings; to secure needed information from other Federal agencies; to engage in such business transactions, and to take such action to acquire, dispose of, and otherwise deal with both real and personal property and to enforce any rights, claims, and obligations, as may be necessary or appropriate in connection with the performance of his duties under the bill; and to establish such rules and regulations as may be appropriate in carrying out the provisions of the bill.

Section 13. Termination of eligibility for further assistance

This section requires the Secretary to terminate eligibility for assistance under the bill in the case of any area previously designated by him as a redevelopment area when he finds that the economic conditions within such area no longer warrant such designation. Such

area could, however, be redesignated as a redevelopment area whenever the Secretary finds that economic conditions within such area again warrant such designation; and no action by the Secretary in terminating such eligibility would affect the validity of any contract entered into before such termination. The Secretary would be required to keep interested Federal, State, and local agencies advised of any changes with respect to the designation of any area under this section.

Section 14. Urban renewal

This section amends title I of the Housing Act of 1949 by adding at the end thereof a new section 113 which would permit the use of the slum clearance and urban redevelopment provisions of that title (without regard to certain limitations which would otherwise be applicable) to assist in the establishment or improvement of industrial plants and facilities in areas designated as redevelopment areas under section 5 of the bill.

Subsection (a) of the new section 113 would provide that financial assistance under title I for slum clearance and urban redevelopment activities could be extended in accordance with the special provisions of the new section in any area certified by the Secretary to the Housing and Home Finance Administrator as a redevelopment area which is reasonably likely to achieve more than temporary improvement in its economic development with assistance provided under the bill and pursuant to other undertakings.

Subsection (b) of the new section 113 would provide that financial assistance could be furnished under title I in areas so certified without regard to the existing requirement that the project area be predominantly residential in character and that it be redeveloped for predominantly residential uses, subject only to the limitation contained in subsection (e).

Subsection (c) of the new section 113 would provide that such assistance could be furnished without regard to the existing requirement that any land acquired in the project area be disposed of for immediate development; under this subsection such land could be conveyed to any public agency or nonprofit corporation for disposition and development at an indefinite later date (but as promptly as practicable). The bill would provide that the initial conveyance, to the public agency or nonprofit corporation, shall be at fair value.

Subsection (d) of the new section 113 would permit such assistance to be continued until the completion of the project even though the area meanwhile ceases to be a redevelopment area under the bill.

Subsection (e) of the new section 113 would limit the amount available for assistance as provided in that section to 10 percent of the funds authorized after the date of enactment of the bill for capital grants under section 103 of title I. However, this amount would be in addition to the amount available under the present exemptions from the predominantly residential requirement provided by the next to last paragraph of section 110(c) of title I, so that projects receiving assistance under the new section 113 would not be competing with projects seeking assistance under the present exemptions (which permit assistance without regard to the predominantly residential requirement only up to 20 percent of the total amount of capital grants authorized under such title after September 23, 1959).

Section 15. Urban planning grants

This section amends section 701 of the Housing Act of 1954 to make planning grants under that section available directly to counties, cities, and other municipalities which are situated in areas designated as redevelopment areas under section 5(a) of the bill, without regard to their population and without going through a State planning agency.

Section 16. Occupational training

Subsection (a) authorizes the Secretary of Labor to make, or assist in, studies of the labor force in any redevelopment area.

Subsection (b) provides that, if a redevelopment area has an approved economic development program, the Secretary of Labor (in consultation with the Secretary of Commerce and the Secretary of Agriculture) shall determine the occupational training needs for unemployed and underemployed residents of such area. The Secretary of Labor would be required to notify the Secretary of Health, Education, and Welfare of the occupational training needs of the area and provide for the selection and referral of those residents of the area who could be expected to obtain employment as the result of the training made available. The Secretary of Labor would also be required to cooperate with the Secretary of Health, Education, and Welfare, and with existing State and local agencies and officials, in order to assure that the facilities and services of such agencies are made available to the residents of such area.

Subsection (c) directs the Secretary of Labor to advise the Secretary of Health, Education, and Welfare when additional occupational training facilities or services are needed in a redevelopment area. The Secretary of Health, Education, and Welfare would provide assistance, including financial assistance, to the appropriate State agency to provide such additional facilities or services, and if he finds that such State agency is unable to provide the needed facilities and services he would be authorized to provide for such facilities and services by contract with public or private educational institutions, after consultation with the State agency.

Subsection (d) directs the Secretary of Labor to provide any assistance necessary to set up apprenticeships and on-the-job training.

Subsection (e) authorizes appropriations of not more than \$4,500,000 annually to carry out the provisions of this section.

Section 17. Retraining subsistence payments

Subsection (a) authorizes the Secretary of Labor (in consultation with the Secretaries of Commerce and Agriculture) to enter into agreements with States in which redevelopment areas are located whereby such States (as agents of the United States) would make weekly retraining payments to unemployed and underemployed residents of such areas who are undergoing training for new jobs under section 16. Such payments could not be made to any individual for more than 16 weeks, and no such payment could exceed the amount of the average weekly unemployment compensation payment (determined in accordance with regulations prescribed under subsection (d)) payable for total unemployment in the State concerned.

Subsection (b) provides that no retraining subsistence payment for which an individual is otherwise eligible shall be made for any week he has received or has filed application for unemployment compensation under title XV of the Social Security Act or any other Federal

or State unemployment compensation law, unless the appropriate State or Federal agency finally determines that such individual was not entitled for such week to unemployment compensation under such Federal or State law or under title XV of the Social Security Act.

Subsection (c) provides that any agreement under this section could contain provisions to promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as provided in such agreement, or in regulations prescribed under subsection (d), determinations by any duly designated officer or agency with respect to the eligibility of individuals for weekly retraining payments would be conclusive and not subject to review by any court or other officer.

Subsection (d) directs the Secretaries of Labor and Commerce to prescribe jointly necessary regulations to carry out the provisions of this section.

Subsection (e) authorizes appropriations of not more than \$10 million annually to carry out the provisions of this section.

Section 18. Penalties

Subsection (a) makes it a crime (punishable by a \$10,000 fine or 5 years' imprisonment or both) to make a false statement or willfully overvalue a security for the purpose of obtaining financial assistance under section 6, 7, or 8, or of influencing any action of the Secretary, or of obtaining money, property, or anything of value under the bill.

Subsection (b) makes it a crime (punishable by a \$10,000 fine or 5 years' imprisonment or both) for any employee or agent of the Secretary to embezzle or misapply any money or securities, or to make false entries, or (with intent to defraud) to issue or assign notes or other documents or participate or share in any loan or contract made by the Secretary, or to give out any unauthorized information about the actions or plans of the Secretary or invest or speculate in the securities of a company receiving assistance from the Secretary.

Section 19. Employment of expeditors and administrative employees

This section provides that the Secretary may not extend financial assistance under section 6, 7, or 8 to a business enterprise unless the names of the attorneys and agents expediting the application and the fees paid to them are certified to the Secretary, and unless an agreement is executed requiring such enterprise to refrain from employing or offering to employ or retaining the professional services of any employee of the Secretary who exercised discretionary power, with respect to the granting of assistance under the bill, at the time such enterprise was granted such assistance or during the preceding year. Such agreement would be binding on such enterprise for a period of 2 years after receiving assistance from the Secretary.

Section 20. Record of applications

This section requires the Secretary to maintain a permanent record of applications approved for financial assistance under sections 6, 7, and 8, and to keep such record available for public inspection. Such record must contain (1) the name of the applicant or (in the case of a corporation) the names of its officers and directors, (2) the amount and duration of the loan or grant applied for, (3) the purposes for which the proceeds of the loan or grant would be used, and (4) a description of the security offered.

Section 21. Prevailing rate of wage and 40-hour week

This section requires the Secretary to insure (as a condition of financial assistance under the bill) that all laborers and mechanics employed by contractors and subcontractors on projects undertaken by public applicants assisted under the bill (1) be paid wages at rates no less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor under the Davis-Bacon Act, and (2) receive time and one-half for hours worked during a week in excess of 40 or for hours in excess of 8 in any workday, as the case may be.

Section 22. Annual report

This section requires the Secretary to submit a comprehensive and detailed annual report to the Congress, beginning with the fiscal year ending June 30, 1962. The report would show, among other things, the number and size of Government contracts placed with business enterprises located in redevelopment areas, and the amount and duration of employment resulting from such contracts. The various Federal agencies would be required to furnish the Secretary such information as he may request to enable him to carry out his duties under this section.

Section 23. Appropriation

This section authorizes the appropriation of such sums as may be necessary for administrative expenses to carry out the provisions of the bill.

Section 24. Use of other facilities

Subsection (a) directs the Secretary to use, whenever possible in carrying out the bill, services and facilities available from other Federal agencies (but only with their consent, and on a reimbursable basis) in order to avoid duplication of existing staffs, facilities, and activities in such agencies. The Secretary would also be authorized to delegate to the heads of other Federal agencies any of his functions, powers, and duties, and to authorize the redelegation of such functions, powers, and duties by the heads of such agencies.

Subsection (b) directs other Federal agencies to exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of the bill, and declares the bill to be supplemental to existing authority and not restrictive of any existing powers, duties, and functions.

Subsection (c) authorizes the transfer of amounts made available to carry out the bill among Federal agencies, with the approval of the Director of the Budget Bureau, so long as the amounts transferred are used for the purposes for which specifically appropriated.

Subsection (d) creates 15 new positions (in grades 16, 17, and 18 of the General Schedule under the Classification Act of 1949) to assist in performing functions under the bill and functions delegated pursuant to subsection (a). Such new positions would be apportioned among the Federal agencies by the Secretary with the approval of the Director of the Budget Bureau.

Section 25. Records and audit

Subsection (a) requires each recipient of financial assistance under the bill to keep such records as the Secretary shall prescribe, including

records which disclose the amount and disposition of such assistance, the total cost of the project, the amount and nature of that portion of such cost supplied by other sources, and such other records as would facilitate an effective audit.

Subsection (b) gives the Secretary and the Comptroller General of the United States access, for the purpose of audit and examination, to any records of a recipient which are pertinent to assistance received under the bill. The Secretary would be primarily responsible for auditing the books of recipients of assistance under this section, leaving to the General Accounting Office the task of auditing as many recipients each year as determined necessary by the Comptroller General.

Section 26. Loans to State and local development companies

This section amends section 502 of the Small Business Investment Act of 1958, which establishes the Small Business Administration program of secured loans to State and local development companies for plant construction, conversion, and expansion, so as to make such program permanent by eliminating the provision which presently terminates the Administration's authority to make such loans as of June 30, 1961.

Section 27. Study by Secretary

This section requires the Secretary of Commerce to study and report to the Congress on the feasibility of establishing procedures whereby increased use could be made of those military bases in redevelopment areas, and those Government-owned plants and facilities in such areas manufacturing munitions and other supplies for the Government, which are not being fully utilized, whenever such increased use is consistent with national defense, economy in Government operation, and Government procurement objectives.

Section 28. Application of act

This section defines the terms "State," "States," and "United States" to include the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

TITLE I OF THE HOUSING ACT OF 1949, AS AMENDED

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

URBAN RENEWAL FUND

SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the "Urban Renewal Fund", and shall be available for advances, loans, and grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

LOCAL RESPONSIBILITIES

SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title or for grants pursuant to section 103(d), the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building, and other local laws, codes, and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis. The Administrator shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of smaller communities within the State which are undertaking or propose to undertake urban

renewal programs whenever that arrangement facilitates the undertaking of an urban renewal program by any such community, or provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities.

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A)(i) of paragraph (1) of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105(c) of this title have been met.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to

in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.

LOANS

SEC. 102. (a) To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency for such purposes, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the Administrator. In any case where, in connection with its undertaking and carrying out of an urban renewal project, a local public agency is authorized (under the circumstances in which the temporary loan herein provided is requested) to acquire real property in the urban renewal area, the Administrator, in addition to all other authority under this title and notwithstanding any other provisions of this title, regardless of the stage of development of the urban renewal plan and whether before or after the approval thereof, may make a temporary loan or loans to any such local public agency to finance the acquisition of such real property: *Provided*, That no loan for such purpose shall be made unless (1) the governing body of the locality involved shall have approved by resolution or ordinance the acquisition of real property in the urban renewal area, and (2) either (A) the Administrator shall have determined that such loan is reasonably secured by a first mortgage or other prior lien upon such real property or is otherwise reasonably secured, or (B) the governing body of the locality shall have assumed the responsibility to bear any loss that may arise as the result of such acquisition in the event that the property so acquired is not used for urban renewal purposes because the urban renewal plan for the project is not approved, or is amended to omit any of the acquired property, or is abandoned for any reason: *Provided further*, That the Administrator may, in his discretion and subject to such conditions as he may impose, permit any structure so acquired to be demolished and removed, and may include in any loan authorized by this section the cost of such demolition and removal if the approval of the local governing body extends to such demolition and removal: *And provided further*, That the loan contract shall provide that the local public agency shall not dispose of such real property (except in lieu of foreclosure) until the local governing body of the locality involved shall have either approved the urban renewal plan for the project or consented to the disposal of such real property.

(b) In connection with any project on land which is open or predominantly open, the Administrator may make temporary loans to

municipalities or other public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of such land in the project area. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purpose, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the Administrator.

(c) Loans made pursuant to subsection (a) or (b) hereof may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the local public agency can obtain loan funds from sources other than the Federal Government at interest rates lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the principal of and the interest on the loan funds so obtained from other sources.

(d) The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies" the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies

authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake.

In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

(1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

(2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

(3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment.

(e) The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross

project cost of the projects assisted by such contracts. To obtain funds for advance and loan disbursements under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President exceed \$1,000,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Administrator shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date.

(f) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(g) Obligations, including interest thereon, issued by local public agencies for projects assisted pursuant to this title, and income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 103. (a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title, exclusive of projects referred to in the proviso hereto, shall not exceed two-thirds of the aggregate of the net project costs of such nonexcluded projects: *Provided*, That the aggregate of such capital grants may exceed two-thirds but not three-fourths of the aggregate net project costs of those projects which the Administrator, at the request of a local public agency, may approve on such a three-fourths capital grant basis. A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$1,350,000,000, which limit shall be increased by \$350,000,000 on the date of enactment of the Housing Act of 1959, and by \$300,000,000 on July 1, 1960. The faith of the United States is solemnly pledged to the payment of all grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments: *Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance.

(c) Notwithstanding any other provision of this or any other Act, if financial assistance authorized by this title to be made available to a locality or local public agency may be made available to any locality or local public agency within the limitations provided in sections 102 (e), 103(b), and 106(e), and the second paragraph following the paragraph numbered (6) of section 110(c), the amount of such financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not otherwise be restricted except on the basis of (1) urgency of need, and (2) feasibility, as determined by the Administrator.

(d) The Administrator may contract to make grants for the preparation or completion of community renewal programs, which may include, without being limited to, (1) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (2) the measurement of the nature and degree of blight and blighting factors within such areas, (3) determination of the financial, relocation, and other resources needed and available to renew such areas, (4) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (5) scheduling or programing of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The Administrator may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has approved the preparation or completion of the community renewal program and the submission by the local public agency of an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies", the Administrator may make grants pursuant to this subsection for the preparation or completion of a community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or com-

pletion. No grant made pursuant to this subsection shall exceed two-thirds of the cost (as such cost is determined or estimated by the Administrator) of the preparation or completion of the community renewal program for which such grant is made.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the two-thirds basis, or in excess of one-fourth of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the three-fourths basis.

LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—

(a) The urban renewal plan for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who require an interest in such property as the result of the enforcement of any lien or claim thereon: *And provided further*, That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in accordance with this subsection, except that clause (ii) of this subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved;

(c) There be a feasible method for the temporary relocation of families displaced from the urban renewed area, and that there are or

are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and reasonably accessible to their places of employment.

(d) No land for any project to be assisted under this title shall be acquired by the local public agency except after public hearing following notice of the date, time, place, and purpose of such hearing.

(e) No understanding with respect to, or contract for, the disposition of land within an urban renewal area shall be entered into by a local public agency unless the local public agency shall have first made public, in such form and manner as may be prescribed by the Administrator, (1) the name of the redeveloper, together with the names of its officers and principal members, shareholders and investors, and other interested parties, (2) the redeveloper's estimate of the cost of any residential redevelopment and rehabilitation, and (3) the redeveloper's estimate of rentals and sales prices of any proposed housing involved in such redevelopment and rehabilitation: *Provided*, That nothing in this subsection shall constitute a basis for contesting the conveyance of, or title to, such land.

GENERAL PROVISIONS

SEC. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, shall—

(1) appoint a Director to administer the provisions of this title under the direction and supervision of the Administrator and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of advances of funds, loans, or grants, and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for grants pursuant to section 103 hereof), and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as

may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions: *Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned, and such sums shall approximate the taxes which would be paid upon such property to the State or local taxing authority, as the case may be, if such property were not exempt from taxation;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including such covenants, conditions, or provisions as, in the determination of the Administrator, are necessary or desirable to prevent the payment of excessive prices for the acquisition of land in con-

nection with projects assisted under this title) as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding; and

(8) make advance or progress payments on account of any grant contracted to be made pursuant to this title, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, or any other provisions of this title.

(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.

(e) Not more than 12½ per centum of the grant funds provided for in this title shall be expended in any one State: *Provided*, That the Administrator, without regard to such limitation, may enter into contracts for grants aggregating not to exceed \$100,000,000 (subject to the total authorization provided in section 103(b) of this title) with local public agencies in States where more than two-thirds of the maximum grants permitted in the respective State under this subsection has been obligated.

(f) (1) Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and that no part of the amount of such relocation payments shall be required to be contributed as part of the local grant-in-aid.

(2) As used in this subsection, the term "relocation payments" means payments by a local public agency to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement from an urban renewal area made necessary by (i) the acquisition of real property by a local public agency or by any other public body, (ii) code enforcement activities undertaken in connection with an urban renewal project, or (iii) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan: *Provided*, That such payments shall not be made after completion of the project or if completion is deferred solely for the purpose of obtaining further relocation payments. Such payments shall be made subject to such rules and regulations as may be prescribed by the Administrator, and shall not exceed \$200 in the case of an individual or family, or \$3,000 in the case of a business concern. Such rules and regulations may include provisions authorizing payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses.

(3) Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.

(g) No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal

area under this title shall be included in the urban renewal plan unless the community in which the project is located, under regulations prescribed by the Administrator, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing.

PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING

SEC. 107. When it appears in the public interest that land to be acquired as part of an urban renewal project should be used in whole or in part as a site for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act, the site shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to the fair value of land to a private redeveloper who wants to buy a site in the community for private rental housing with physical characteristics similar to those of the proposed low-rent housing project, and such amount shall be included as part of the development cost of such low-rent housing project: *Provided*, That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act, or by analogous provisions in legislation authorizing such State or local program, with respect to the low-rent housing project into which such land is incorporated shall (if covered by a contract which, in the determination of the Public Housing Commissioner, and without regard to the requirements of the first proviso of such section 10(h), will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act, or by provisions found by the Administrator to give equivalent assurance in the case of State or local programs), be accepted as a local grant-in-aid equal in amount, as determined by the Administrator, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital grant basis) of the difference between the cost of such site (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other project costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act.

SURPLUS FEDERAL REAL PROPERTY

SEC. 108. The President may at any time in his discretion, transfer, or cause to be transferred, to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it shall be sold at a price equal to its fair market value, and the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof and shall be consistent with definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) shall be sufficiently complete to indicate, to the extent required by the Administrator for the making of loans and grants under this title, such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, and building requirements.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration

of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with urban renewal plan; and

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110(d) hereof.

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided*, That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 shall not exceed 20 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date.

In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local

community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants to defray expenditures within the purview of section 110(e)(1) hereof; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of the second sentence of section 110(c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110(d) with respect to any project covered by a Federal-aid contract under this title, the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him: *And provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount

of the local grants-in-aid for the project. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

Notwithstanding any other provision of this subsection, on donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than three years prior to the authorization by the Administrator of a contract for loan or capital grant for the project.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into consideration for each preceding six-month period the average interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c): *Provided*, That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title and allocated, as the Administrator may determine, to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a), gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of subsection (c); and

(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such project is completed; but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project. Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed, other than a project on which a contract for capital grant is made on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a)) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110(d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and rules, regulations, limitations, and conditions as he may prescribe.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance for any project under this title is authorized by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any such contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such later contract is authorized.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "Administrator" means the Housing and Home Finance Administrator.

(k) "Federal recognition" means execution of any contract for financial assistance under this title or concurrence by the Administrator in the commencement, without such assistance, of surveys and plans.

DISASTER AREAS

SEC. 111. Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

(1) the "workable program" requirement in section 101(c), except that any contract for temporary loan or capital grant pursuant to this section shall obligated the local public agency to comply with the "workable program" requirement in section 101(c) by a future date determined to be reasonable by the Administrator and specified in such contract;

(2) the requirements in section 105(a)(iii) and section 110(b)(1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101(c);

(3) the "relocation" requirements in section 105(c): *Provided*, That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;

(4) the "public hearing" requirement in section 105(d);

(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas.

In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.

URBAN RENEWAL AREAS INVOLVING COLLEGES OR UNIVERSITIES

SEC. 112. In any case where an educational institution is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas: *Provided*, That the aggregate expenditures made by such institution (directly or through a private redevelopment corporation) for the acquisition (from others than the local public agency), within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures (including expenditures to assist in relocating tenants therefrom), if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, as certified by such institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided further*, That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: *And provided further*, That the term "educational institution" as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.

REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

(b) Subject to the provisions of subsection (e) of this section, the Secretary may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: And provided further, That only the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

(e) The aggregate amount of capital grants which may be contracted for under this title with respect to projects for the redevelopment of urban renewal areas for predominantly nonresidential uses, under the second proviso of the fifth sentence of section 110(c), may be increased by an amount not to exceed 10 per centum of the aggregate amount of new grant contract authority provided after September 23, 1959, whenever the Administrator determines (1) that an increase in such amount is necessary in order to provide financial assistance under this section, and (2) that such assistance is not otherwise available because of the limitation contained in such proviso.

SECTION 701 OF THE HOUSING ACT OF 1954

URBAN PLANNING

SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—

(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization, and (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection;

(2) official State, metropolitan, and regional planning agencies empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

(3) cities, other municipalities, and counties which (A) *are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas* or (B) have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation; and

(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems.

(b) A grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made: *Provided, That a grant may be made under clause (A) of paragraph (3) of subsection (a) of this section for not more than 75 per centum of such estimated cost.* All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the

provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$20,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

(d) It is the further intent of this section to encourage comprehensive planning for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Administrator may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, together with long-range fiscal plans for such development; (2) programming of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) inter-governmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities.



87TH CONGRESS
1ST SESSION

S. 1

[Report No. 186]

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1961

Referred to the Committee on Banking and Currency

MARCH 22, 1961

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Redevelopment
4 Act".

5 DECLARATION OF PURPOSE

6 SEC. 2. The Congress declares that the maintenance of
7 the national economy at a high level is vital to the best in-
8 terests of the United States, but that some of our communi-
9 ties are suffering substantial and persistent unemployment
10 and underemployment; that such unemployment and under-

1 employment cause hardship to many individuals and their
2 families and detract from the national welfare by wasting
3 vital human resources; that to overcome this problem the
4 Federal Government, in cooperation with the States, should
5 help areas of substantial and persistent unemployment and
6 underemployment to take effective steps in planning and
7 financing their economic redevelopment; that Federal as-
8 sistance to communities, industries, enterprises, and indi-
9 viduals in areas needing redevelopment should enable such
10 areas to achieve lasting improvement and enhance the do-
11 mestic prosperity by the establishment of stable and diver-
12 sified local economies and improved local living conditions;
13 and that under the provisions of this Act new employment
14 opportunities should be created by developing and expanding
15 new and existing facilities and resources rather than merely
16 transferring jobs from one community to another.

17 AREA REDEVELOPMENT ADMINISTRATOR

18 SEC. 3. There shall be appointed by the President, by
19 and with the advice and consent of the Senate, an Area Re-
20 development Administrator in the Department of Commerce
21 who shall receive compensation at a rate equal to that re-
22 ceived by Assistant Secretaries of Commerce. The Admin-
23 istrator shall perform such duties in the execution of this Act
24 as the Secretary of Commerce (hereinafter referred to as the
25 "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of

1 his duties under this Act. Such Committee shall hold not
2 less than two meetings during each calendar year.

3 ~~(e)~~ The Secretary is authorized from time to time to call
4 together and confer with any persons, including representa-
5 tives of labor, management, agriculture, and government,
6 who can assist in meeting the problems of unemployment
7 or underemployment in the several areas designated by the
8 Secretary as redevelopment areas.

9 REDEVELOPMENT AREAS

10 SEC. 5. ~~(a)~~ The Secretary shall designate as "rede-
11 velopment areas" those areas within the United States in
12 which he determines, upon the basis of standards generally
13 comparable with those set forth in subparagraphs ~~(1)~~ and
14 ~~(2)~~ below, that there has existed substantial and persistent
15 unemployment for an extended period of time. There shall
16 be included among the areas so designated any area—

17 ~~(1)~~ where the rate of unemployment, excluding un-
18 employment due primarily to temporary or seasonal
19 factors, is currently 6 per centum or more and has
20 averaged at least 6 per centum for the qualifying time
21 periods specified in subparagraph ~~(2)~~ below; and

22 ~~(2)~~ where the annual average rate of unemploy-
23 ment has been at least—

24 ~~(A)~~ 50 per centum above the national average
25 for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection. Any area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction in trade barriers under section 350 of the Tariff Act of 1930, as amended, with respect to which the President has reported to the Congress under section 4(a) or 7(e) of the Trade Agreements Extension Act of 1951, as amended, and meeting the standards of unemployment set forth in this section shall be entitled on application to special consideration by the Secretary for designation as a redevelopment area.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before making any loans as the result of design-

1 nations under this subsection, the Secretary shall, by
2 regulation, prescribe detailed standards upon which the desig-
3 nations under this subsection shall be based. In the formula-
4 tion of such standards the Secretary shall consider,
5 among other relevant factors, the number of low-income farm
6 families in the various rural areas of the United States, the
7 proportion that such low-income families are to the total farm
8 families of each of such areas, the relationship of the income
9 levels of the families in each such area to the general levels of
10 income in the United States, the extent to which "rural de-
11 velopment" projects have previously been located in any
12 such area under programs administered by the Department
13 of Agriculture, the current and prospective employment
14 opportunities in each such area, the availability of manpower
15 in each such area for supplemental employment, the extent
16 of migration out of the area, and the proportion of the popu-
17 lation of each such area which has been receiving public
18 assistance from the Federal Government and/or from the
19 State or States in which such area is located or from any
20 municipality therein. In making the designations under this
21 subsection, the Secretary shall endeavor to distribute the
22 projects widely among the several States, so far as is feasible
23 and proper, in order that actual experience with this pro-
24 gram may be had in as many States and in as many areas and
25 under as many different circumstances as possible: *Provided,*

1 That not more than one such project shall be located in any
2 one State unless the Secretary has considered such applica-
3 tions for assistance under this Act as may have come from
4 the several States which apply for such assistance. In mak-
5 ing these determinations, the Secretary shall be guided,
6 but not conclusively governed, by pertinent studies made, and
7 information and data collected or compiled, by ~~(1)~~ depart-
8 ments, agencies, and instrumentalities of the Federal Govern-
9 ment, ~~(2)~~ State and local governments, ~~(3)~~ universities and
10 land-grant colleges, and ~~(4)~~ private organizations.

11 ~~(c)~~ Upon the request of the Secretary, the Secre-
12 tary of Labor, the Secretary of Agriculture, the Secretary
13 of the Interior, and such other heads of agencies as may be
14 appropriate, are authorized to conduct such special studies,
15 obtain such information, and compile and furnish to the Sec-
16 retary such data as the Secretary may deem necessary or
17 proper to enable him to make the determinations provided
18 for in subsection ~~(b)~~ of this section. The Secretary shall
19 reimburse when appropriate, out of any funds appropriated
20 to carry out the purposes of this Act, the foregoing officers
21 for any expenditures incurred by them under this section:

22 ~~(d)~~ As used in this Act, the term "redevelopment area"
23 refers to any area within the United States which has
24 been designated by the Secretary as a redevelopment area
25 and may include one or more States, one or more counties,

1 or one or more municipalities, or a part of a county or
2 municipality.

3 LOANS AND PARTICIPATIONS

4 SEC. 6. (a) The Secretary is authorized to purchase
5 evidences of indebtedness and to make loans (including
6 participations therein) to aid in financing any project within
7 a redevelopment area for the purchase or development of
8 land and facilities (including machinery and equipment in
9 cases of demonstrated need) for industrial or commercial
10 usage, including the construction of new buildings, the re-
11 habilitation of abandoned or unoccupied buildings, and the
12 alteration, conversion, or enlargement of existing buildings.
13 Such financial assistance shall not be extended (1) for work-
14 ing capital, or (2) to assist establishments relocating from
15 one area to another. The limitation set forth in clause (2)-
16 above shall not be construed to prohibit assistance for the ex-
17 pansion of an existing business operation from its original
18 location or for the establishment of a new branch affiliate, or
19 subsidiary: *Provided*, That such assistance will not sub-
20 stantially decrease employment in the area of original
21 location.

22 (b) Financial assistance under this section shall be on
23 such terms and conditions as the Secretary determines, sub-
24 ject, however, to the following restrictions and limitations:

25 (1) The total amount of loans and loan participations

1 ~~(including purchased evidences of indebtedness)~~ outstanding
2 at any one time under this section ~~(A)~~ with respect to
3 projects in redevelopment areas designated under section
4 ~~5(a)~~ shall not exceed \$100,000,000 and ~~(B)~~ with respect
5 to projects in redevelopment areas designated under section
6 ~~5(b)~~ shall not exceed \$100,000,000;

7 ~~(2)~~ Such assistance shall be extended only to applicants,
8 both private and public ~~(including Indian tribes)~~, which
9 have been approved for such assistance by an agency or
10 instrumentality of the State or political subdivision thereof
11 in which the project to be financed is located, and which
12 agency or instrumentality is directly concerned with prob-
13 lems of economic development in such State or subdivision;
14 ~~(3)~~ The project for which financial assistance is sought
15 is reasonably calculated to provide more than a temporary
16 alleviation of unemployment or underemployment within the
17 redevelopment area wherein it is, or will be, located;

18 ~~(4)~~ No such assistance shall be extended hereunder
19 unless the financial assistance applied for is not otherwise
20 available from private lenders or other Federal agencies on
21 reasonable terms;

22 ~~(5)~~ The Secretary shall not make any loan without
23 a participation unless he determines that the loan cannot be
24 made on a participation basis;

1 ~~(6)~~ No evidences of indebtedness shall be purchased
2 and no loans shall be made unless it is determined that there
3 is a reasonable assurance of repayment;

4 ~~(7)~~ Subject to section 12~~(5)~~ of this Act, no loan,
5 including renewals or extension thereof, may be made
6 hereunder for a period exceeding twenty-five years and no
7 evidences of indebtedness maturing more than twenty-five
8 years from date of purchase may be purchased hereunder:
9 *Provided*, That the foregoing restrictions on maturities
10 shall not apply to securities or obligations received by the
11 Secretary as a claimant in bankruptcy or equitable re-
12 organization or as a creditor in other proceedings attendant
13 upon insolvency of the obligor;

14 ~~(8)~~ Such loans shall bear interest at a rate equal to the
15 rate of interest paid by the Secretary on funds obtained
16 from the Secretary of the Treasury as provided in section 9
17 of this Act, plus one-half of 1 per centum per annum to
18 cover administrative expenses and to provide for losses on
19 loans under this section;

20 ~~(9)~~ Such assistance shall not exceed 65 per centum of
21 the aggregate cost to the applicant (excluding all other Fed-
22 eral aid in connection with the undertaking) of acquiring or
23 developing land and facilities (including, in cases of demon-
24 strated need, machinery and equipment), and of constructing,
25 altering, converting, rehabilitating, or enlarging the building

1 or buildings of the particular project and shall, among others,
2 be on the following conditions:

3 ~~(A)~~ That other funds are available in an amount which,
4 together with the assistance provided hereunder, shall be
5 sufficient to pay such aggregate cost;

6 ~~(B)~~ That not less than 10 per centum of such aggregate
7 cost be supplied by the State or any agency, instrumentality,
8 or political subdivision thereof, or by an Indian tribe or a
9 community or area organization which is nongovernmental
10 in character, as equity capital or as a loan;

11 ~~(C)~~ That in extending financial assistance under this
12 section with respect to a redevelopment area, the Secretary
13 shall require that not less than 5 per centum of the aggregate
14 cost of the project for which such loan is made shall be
15 supplied by nongovernmental sources; and

16 ~~(D)~~ That to the extent the Secretary finds such action
17 necessary to encourage financial participation in a particular
18 project by other lenders and investors any Federal financial
19 assistance extended under this section may be repayable only
20 after other loans made in connection with such project and
21 in accordance with this section have been repaid in full,
22 and the security, if any, for such Federal financial assistance
23 may be subordinate and inferior to the lien or liens securing
24 other loans made in connection with the same project;

25 ~~(10)~~ No such assistance shall be extended unless there

1 shall be submitted to and approved by the Secretary an
 2 overall program for the economic development of the area
 3 and a finding by the State, or any agency, instrumentality,
 4 or local political subdivision thereof, that the project for
 5 which financial assistance is sought is consistent with such
 6 program: *Provided*, That nothing in this Act shall authorize
 7 financial assistance for any project prohibited by laws of the
 8 State or local political subdivision in which the project would
 9 be located.

10 ~~(c)~~ Of the funds authorized to be raised under section
 11 9 of this Act, not more than \$100,000,000 shall be deposited
 12 in a revolving fund which shall be used for the purpose of
 13 making loans under this section with respect to projects in
 14 redevelopment areas designated under section 5(a), and
 15 not more than \$100,000,000 shall be deposited in a revolv-
 16 ing fund which shall be used for the purpose of making
 17 loans under this section with respect to projects in redevel-
 18 opment areas designated under section 5(b).

19 PUBLIC FACILITY LOANS FOR INDUSTRIAL OR COMMER-
 20 CIAL PURPOSES

21 SEC. 7. (a) Upon the application of any State, or
 22 political subdivision thereof, Indian tribe, or public or
 23 private nonprofit organization or association representing
 24 any redevelopment area or part thereof, the Secretary is
 25 authorized to make loans to assist in financing the purchase

1 or development of land for public facility usage, and the
 2 construction, rehabilitation, alteration, expansion, or im-
 3 provement of public facilities within any redevelopment area,
 4 if he finds that such facilities will serve primarily industrial
 5 or commercial needs and that—

6 ~~(1)~~ the project for which financial assistance is
 7 sought will provide more than a temporary alleviation
 8 of unemployment or underemployment in the redevelop-
 9 ment area wherein such project is, or will be, located,
 10 and will tend to improve the opportunities in such area
 11 for the successful establishment or expansion of indus-
 12 trial or commercial plants or facilities;

13 ~~(2)~~ the funds requested for such project are not
 14 otherwise available on reasonable terms;

15 ~~(3)~~ the amount of the loan plus the amount of
 16 other available funds for such projects are adequate to
 17 insure the completion thereof;

18 ~~(4)~~ there is a reasonable expectation of repayment;
 19 and

20 ~~(5)~~ such area has an approved economic develop-
 21 ment program as provided in section 6(b)-(10) and
 22 the project for which financial assistance is sought is
 23 consistent with such program.

24 ~~(b)~~ No loan under this section shall be for an amount
 25 in excess of 65 per centum of the aggregate cost of the proj-

1 eet for which such loan is made. Subject to section 12(5),
2 the maturity date of any such loan shall be not later than
3 forty years after the date such loan is made. Any such
4 loan shall bear interest at a rate equal to the rate of interest
5 paid by the Secretary on funds obtained from the Secre-
6 tary of the Treasury as provided in section 9 of this Act, plus
7 one-quarter of 1 per centum per annum.

8 (c) In making any loan under this section, the Secre-
9 tary shall require that not less than 10 per centum
10 of the aggregate cost of the project for which such loan is
11 made shall be supplied by the State (including any political
12 subdivision thereof) within which such project is located or
13 by the Indian tribe on whose reservation such project is
14 located as equity capital or as a loan. In determining the
15 amount of participation required under this subsection with
16 respect to any particular project, the Secretary shall give
17 consideration to the financial condition of the State or local
18 government, and to the per capita income of the residents of
19 the redevelopment area, within which such project is to be
20 located.

21 (d) To the extent the Secretary finds such action
22 necessary to encourage financial participation in a particular
23 project by other lenders and investors, any Federal financial
24 assistance extended under this section may be repayable only
25 after other loans made in connection with such project and in

1 accordance with this section have been repaid in full, and the
2 security, if any, for such Federal financial assistance may be
3 subordinate and inferior to the lien or liens securing other
4 loans made in connection with the same project.

5 ~~(e)~~ No financial assistance shall be extended under this
6 section with respect to any public facility which would com-
7 pete with an existing privately owned public utility render-
8 ing a service to the public at rates or charges subject to regu-
9 lation by a State regulatory body, unless the State regulatory
10 body determines that in the area to be served by the public
11 facility for which the financial assistance is to be extended
12 there is a need for an increase in such service ~~(taking into~~
13 ~~consideration reasonably foreseeable future needs)~~ which the
14 existing public utility is not able to meet through its existing
15 facilities or through an expansion which it agrees to under-
16 take.

17 ~~(f)~~ Of the funds authorized to be raised under section
18 9 of this Act, not more than \$100,000,000 shall be deposited
19 in a revolving fund which shall be used for the purpose of
20 making loans under this section.

21 PUBLIC FACILITY GRANTS FOR INDUSTRIAL OR COMMER-
22 CIAL PURPOSES

23 SEC. 8. ~~(a)~~ The Secretary may conduct studies of
24 needs in the various redevelopment areas throughout the
25 United States for, and the probable cost of, land acquisition

1 or development for public facility usage in serving industrial
2 or commercial needs, and the construction, rehabilitation,
3 alteration, expansion, or improvement of useful public
4 facilities to serve such needs within such areas, and
5 may receive proposals from any State, or political sub-
6 division thereof, Indian tribe, or public or private
7 nonprofit organization or association representing any re-
8 development area, or part thereof, relating to land acquisition
9 or development for such public facility usage, and the con-
10 struction, rehabilitation, alteration, expansion, or improve-
11 ment of such public facilities within any such area. Any
12 such proposal shall contain plans showing the project pro-
13 posed to be undertaken, the cost thereof, and the contribu-
14 tions proposed to be made to such cost by the entity making
15 the proposal. The Secretary, in consultation with such
16 entity, is authorized to modify all or any part of such
17 proposal.

18 (b) The Secretary, pursuant to a proposal received
19 by him under this section, may make grants to any State, or
20 political subdivision thereof, Indian tribe, or public or private
21 nonprofit organization or association representing any re-
22 development area, or part thereof, for land acquisition or de-
23 velopment for public facility usage, and the construction, re-
24 habilitation, alteration, expansion, or improvement of public
25 facilities within a redevelopment area, if he finds that such

1 facilities will serve primarily industrial or commercial needs
2 and that—

3 (1) the project for which financial assistance is
4 sought will provide more than a temporary alleviation
5 of unemployment or underemployment in the redevelop-
6 ment area wherein such project is, or will be, located,
7 and will tend to improve the opportunities in such area
8 for the successful establishment or expansion of industrial
9 or commercial plants or facilities;

10 (2) the entity requesting the grant proposes to
11 contribute to the cost of the project for which such grant
12 is requested in proportion to its ability so to contribute;

13 (3) the project for which a grant is requested will
14 fulfill a pressing need of the area, or part thereof, in
15 which it is, or will be, located, and there is little proba-
16 bility that such project can be undertaken without the
17 assistance of a grant under this section; and

18 (4) the area for which a project is to be undertaken
19 has an approved economic development program as pro-
20 vided in section 6(b)(10) and such project is consistent
21 with such program.

22 The amount of any grant under this section for any such
23 project shall not exceed the difference between the funds
24 which can be practicably obtained from other sources (in-

1 eluding a loan under section 7 of this Act) for such project,
2 and the amount which is necessary to insure the completion
3 thereof.

4 (c) The Secretary shall by regulation provide for the
5 supervision of projects with respect to which grants are
6 made under this section so as to insure that Federal funds
7 are not wasted or dissipated.

8 (d) No financial assistance shall be extended under
9 this section with respect to any public facility which would
10 compete with an existing privately owned public utility
11 rendering a service to the public at rates or charges subject
12 to regulation by a State regulatory body, unless the State
13 regulatory body determines that in the area to be served
14 by the public facility for which the financial assistance is to
15 be extended there is a need for an increase in such service
16 (taking into consideration reasonably foreseeable future
17 needs) which the existing public utility is not able to meet
18 through its existing facilities or through an expansion which
19 it agrees to undertake.

20 (e) There is hereby authorized to be appropriated
21 not to exceed \$75,000,000 for the purpose of making grants
22 under this section.

23 FUNDS FOR LOANS

24 SEC. 9. (a) To obtain funds for loans under this Act, the
25 Secretary may, with the approval of the President, issue

1 and have outstanding at any one time notes and obligations
2 for purchase by the Secretary of the Treasury in an amount
3 not to exceed \$300,000,000. Such notes or other obliga-
4 tions shall be in such forms and denominations, have such
5 maturities, and be subject to such terms and conditions as
6 may be prescribed by the Secretary with the approval of the
7 Secretary of the Treasury. Any such notes or other ob-
8 ligations which are issued by the Secretary to raise funds
9 for loans under section 6 shall bear interest at a rate de-
10 termined by the Secretary of the Treasury, but such rate
11 shall not be greater than the current average yields on
12 outstanding marketable obligations of the United States
13 of comparable maturities as of the last day of the month
14 preceeding the issuance of such notes or other obligations.
15 Any such notes or other obligations which are issued by the
16 Secretary to raise funds for loans under section 7 shall
17 bear interest at a rate determined by the Secretary of the
18 Treasury which shall be not more than the higher of (1)
19 $2\frac{1}{2}$ per centum per annum, or (2) the average annual in-
20 terest rate on all interest-bearing obligations of the United
21 States then forming a part of the public debt as computed
22 at the end of the fiscal year next preceeding the issuance by
23 the Secretary and adjusted to the nearest one-eighth of 1
24 per centum. The Secretary of the Treasury is authorized
25 and directed to purchase any notes and other obligations

1 issued under this section and for such purpose is authorized
2 to use as a public debt transaction the proceeds from the sale
3 of any securities issued under the Second Liberty Bond
4 Act, as amended, and the purposes for which securities may
5 be issued under such Act are extended to include any pur-
6 chase of such notes and other obligations. The Secretary
7 of the Treasury may at any time sell any of the notes or
8 other obligations acquired by him under this section. All
9 redemptions, purchases, and sales by the Secretary of the
10 Treasury of such notes or other obligations shall be treated
11 in every respect as public debt transactions of the United
12 States.

13 (b) In the performance of and with respect to the func-
14 tions, powers, and duties vested in him by sections 6 and 7 of
15 this Act, the Secretary shall—

16 (1) prepare annually and submit a budget program
17 in accordance with the provisions of sections 102, 103,
18 and 104 of the Government Corporation Control Act, as
19 amended; and

20 (2) determine the character of and the necessity for
21 obligations and expenditures and the manner in which
22 they shall be incurred, allowed, and paid, subject to pro-
23 visions of law specifically applicable to Government
24 corporations.

INFORMATION

1
2 SEC. 10. Subject to section 24, the Secretary shall aid
3 redevelopment areas and other areas by furnishing to inter-
4 ested individuals, communities, industries, and enterprises
5 within such areas any assistance, technical information, mar-
6 ket research, or other forms of assistance, information, or
7 advice which are obtainable from the various departments,
8 agencies, and instrumentalities of the Federal Government
9 and which would be useful in alleviating or preventing con-
10 ditions of excessive unemployment or underemploy-
11 ment within such areas. The Secretary shall fur-
12 nish the procurement divisions of the various departments,
13 agencies, and other instrumentalities of the Federal Govern-
14 ment with a list containing the names and addresses of busi-
15 ness firms which are located in redevelopment areas and
16 which are desirous of obtaining Government contracts for
17 the furnishing of supplies or services, and designating the
18 supplies and services such firm are engaged in providing.

TECHNICAL ASSISTANCE

20 SEC. 11. Subject to section 24, in carrying out his duties
21 under this Act the Secretary is authorized to provide
22 technical assistance which would be useful in alleviating or
23 preventing conditions of excessive unemployment or under-
24 employment (1) to areas which he has designated as rede-

1 velopment areas under this Act, and ~~(2)~~ to other areas
2 which he finds have substantial need for such assistance.
3 Such assistance shall include studies evaluating the needs
4 of, and developing potentialities for, economic growth of
5 such areas. Such assistance may be provided by the Secre-
6 tary through members of his staff or through the employ-
7 ment of private individuals, partnerships, firms, corporations,
8 or suitable institutions, under contracts entered into for such
9 purposes. Appropriations are hereby authorized for the pur-
10 poses of this section in an amount not to exceed \$4,500,000
11 annually.

12 POWERS OF SECRETARY

13 SEC. 12. In performing his duties under this Act, the
14 Secretary is authorized to—

15 ~~(1)~~ adopt, alter, and use a seal, which shall be
16 judicially noticed; and subject to the civil service and
17 classification laws, select, employ, appoint, and fix the
18 compensation of such officers, employees, attorneys, and
19 agents as shall be necessary to carry out the provisions
20 of this Act, and define their authority and duties, pro-
21 vide bonds for them in such amounts as the Secretary
22 shall determine, and pay the costs of qualification of cer-
23 tain of them as notaries public;

24 ~~(2)~~ hold such hearings, sit and act at such times

1 and places, and take such testimony, as he may deem
2 advisable;

3 (3) request directly from any executive depart-
4 ment, bureau, agency, board, commission, office, inde-
5 pendent establishment, or instrumentality information,
6 suggestions, estimates, and statistics needed to carry out
7 the purposes of this Act; and each department, bureau,
8 agency, board, commission, office, establishment, or in-
9 strumentality is authorized to furnish such information,
10 suggestions, estimates, and statistics directly to the Sec-
11 retary;

12 (4) under regulations prescribed by him, assign
13 or sell at public or private sale, or otherwise dispose of
14 for cash or credit, in his discretion and upon such terms
15 and conditions and for such consideration as he shall
16 determine to be reasonable, any evidence of debt, con-
17 tract, claim, personal property, or security assigned to
18 or held by him in connection with the payment of loans
19 made under this Act, and collect or compromise all
20 obligations assigned to or held by him in connection
21 with the payment of such loans until such time as such
22 obligations may be referred to the Attorney General
23 for suit or collection;

24 (5) further extend the maturity of or renew any

1 loan made under this Act, beyond the periods stated in
2 such loan or in this Act, for additional periods not to
3 exceed ten years, if such extension or renewal will aid
4 in the orderly liquidation of such loan;

5 ~~(6)~~ deal with, complete, renovate, improve, mod-
6 ernize, insure, rent, or sell for cash or credit, upon such
7 terms and conditions and for such consideration as he
8 shall determine to be reasonable, any real or personal
9 property conveyed to, or otherwise acquired by, him
10 in connection with the payment of loans made under
11 this Act;

12 ~~(7)~~ pursue to final collection, by way of compro-
13 mise or other administrative action, prior to reference
14 to the Attorney General, all claims against third parties
15 assigned to him in connection with loans made under
16 this Act. This shall include authority to obtain de-
17 ficiency judgments or otherwise in the case of mort-
18 gages assigned to the Secretary. Section 3709 of
19 the Revised Statutes, as amended ~~(41 U.S.C. 5)~~, shall
20 not apply to any contract of hazard insurance or
21 to any purchase or contract for services or supplies on
22 account of property obtained by the Secretary as a
23 result of loans made under this Act if the premium there-
24 for or the amount thereof does not exceed \$1,000.
25 The power to convey and to execute, in the name of the

1 Secretary, deeds of conveyance, deeds of release,
2 assignments and satisfactions of mortgages, and any
3 other written instrument relating to real or personal
4 property or any interest therein acquired by the Sec-
5 retary pursuant to the provisions of this Act may be
6 exercised by the Secretary or by any officer or agent
7 appointed by him for that purpose without the execution
8 of any express delegation of power or power of attorney;

9 (8) acquire, in any lawful manner, any property
10 (real, personal, or mixed, tangible or intangible), when-
11 ever deemed necessary or appropriate to the conduct of
12 the activities authorized in sections 6 and 7 of this Act;

13 (9) in addition to any powers, functions, privileges,
14 and immunities otherwise vested in him, take any and
15 all actions, including the procurement of the services of
16 attorneys by contract, determined by him to be necessary
17 or desirable in making, servicing, compromising, modify-
18 ing, liquidating, or otherwise administratively dealing
19 with or realizing on loans made under this Act;

20 (10) to such an extent as he finds necessary to
21 carry out the provisions of this Act, procure the tem-
22 porary (not in excess of six months) service of experts
23 or consultants or organizations thereof, including steno-
24 graphic reporting services, by contract or appointment,

1 and in such cases such service shall be without regard to
2 the civil service and classification laws, and, except in
3 the case of stenographic reporting services by organiza-
4 tions, without regard to section 3709 of the Revised
5 Statutes (41 U.S.C. 5); any individual so employed
6 may be compensated at a rate not in excess of \$75 per
7 diem, and, while such individual is away from his home
8 or regular place of business, he may be allowed trans-
9 portation and not to exceed \$15 per diem in lieu of
10 subsistence and other expenses;

11 ~~(11)~~ sue and be sued in any court of record of a
12 State having general jurisdiction or in any United States
13 district court, and jurisdiction is conferred upon such dis-
14 trict court to determine such controversies without re-
15 gard to the amount in controversy; but no attachment,
16 injunction, garnishment, or other similar process, mesne
17 or final, shall be issued against the Secretary or his prop-
18 erty. Nothing herein shall be construed to except the
19 activities under this Act from the application of sections
20 507(b) and 2679 of title 28, United States Code, and of
21 section 367 of the Revised Statutes (5 U.S.C. 316);
22 and

23 ~~(12)~~ establish such rules, regulations, and pro-

cedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall ~~(1)~~ prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or ~~(2)~~ affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

“REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

“SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a ‘municipality’) is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) Subject to the provisions of subsection (c) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential in character or be redeveloped for

1 and without regard to any of the limitations of that section
2 on the undertaking of projects for predominantly nonresi-
3 dential uses.

4 “(c) Notwithstanding any other provision of this title,
5 a contract for financial assistance under this section may
6 include provisions permitting the disposition of any land in
7 the project area designated under the urban renewal plan
8 for industrial or commercial uses to any public agency or
9 nonprofit corporation for subsequent disposition as promptly
10 as practicable by such public agency or corporation for the
11 redevelopment of the land in accordance with the urban re-
12 newal plan: *Provided*, That any disposition of such land to
13 such public agency or corporation under this section shall be
14 made at its fair value for uses in accordance with the urban
15 renewal plan: *And provided further*, That only the pur-
16 chasers from or lessees of such public agency or corporation,
17 and their assignees, shall be required to assume the obliga-
18 tions relating to the commencement of improvements im-
19 posed under section 105(b) hereof.

20 “(d) Following the execution of any contract for finan-
21 cial assistance under this section with respect to any project,
22 the Administrator may exercise the authority vested in him
23 under this section as well as other provisions of this title for
24 the completion of such projects, notwithstanding any deter-

1 mination made after the execution of such contract that the
 2 area in which the project is located is no longer a redevelop-
 3 ment area under the Area Redevelopment Act.

4 “(c) The aggregate amount of capital grants which may
 5 be contracted for under this title with respect to projects for
 6 the redevelopment of urban renewal areas for predominantly
 7 nonresidential uses, under the second proviso of the fifth
 8 sentence of section 110(c), may be increased by an amount
 9 not to exceed 10 per centum of the aggregate amount of new
 10 grant contract authority provided after September 23, 1959,
 11 whenever the Administrator determines (1) that an increase
 12 in such amount is necessary in order to provide financial
 13 assistance under this section, and (2) that such assistance
 14 is not otherwise available because of the limitation contained
 15 in such proviso.”

16 URBAN PLANNING GRANTS

17 SEC. 12. (a) Paragraph (3) of section 701 (a) of the
 18 Housing Act of 1954 is amended by inserting after “counties
 19 which” the following: “(A) are situated in areas designated
 20 by the Secretary of Commerce under section 5(a) of the
 21 Area Redevelopment Act as redevelopment areas or (B)”.

22 (b) Section 701(b) of such Act is amended by adding
 23 before the period at the end of the first sentence a colon and
 24 the following: *Provided*, That a grant may be made under

1 clause (A) of paragraph (3) of subsection (a) of this sec-
2 tion for not more than 75 per centum of such estimated cost”.

3 OCCUPATIONAL TRAINING

4 SEC. 16. (a) The Secretary of Labor is authorized
5 upon request and whenever he determines such studies are
6 needed, to undertake, or to provide assistance to others for
7 studies of the size, characteristics, skills, adaptability, occu-
8 pational potentialities, and related aspects of the labor force
9 of any redevelopment area.

10 (b) When a redevelopment area has an approved eco-
11 nomic development program as provided in section 6(b)-
12 (10), the Secretary of Labor, in consultation with the Secre-
13 tary, shall determine the occupational training or retrain-
14 ing needs of unemployed and underemployed individuals
15 residing in the redevelopment area. The Secretary of Labor
16 shall notify the Secretary of Health, Education, and Wel-
17 fare of the occupational training or retraining requirements
18 of the area, and shall provide for the orderly selection and re-
19 ferral of those unemployed or underemployed individuals
20 residing in the area who can reasonably be expected to obtain
21 employment as a result of the skill they will acquire in the
22 training which is to be made available, and shall make appro-
23 priate provision for such supervision by the appropriate
24 agency as is necessary to the successful operation of any train-

ing program established under this section. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seek-

1 ing unemployment compensation under title XV of the Social
2 Security Act or any other Federal or any State unemploy-
3 ment compensation law, but if the appropriate State or Fed-
4 eral agency finally determines that a person denied weekly
5 training benefits because of this paragraph is not entitled to
6 unemployment compensation under title XV of the Social
7 Security Act or such Federal or State law, this paragraph
8 shall not apply.

9 (c) Any agreement under this section may contain pro-
10 visions (including, so far as may be appropriate, provisions
11 authorized or made applicable with respect to agreements
12 concluded by the Secretary of Labor pursuant to title XV
13 of the Social Security Act) as will promote effective ad-
14 ministration, protect the United States against loss, and insure
15 the proper application of payments made to the State under
16 such agreement. Except as may be provided in such agree-
17 ments, or in the rules and regulations prescribed pursuant
18 to subsection (d) of this section, determinations by any duly
19 designated officer or agency as to the eligibility of individuals
20 for weekly retraining payments under this section shall be
21 final and conclusive for any purposes and not subject to re-
22 view by any court or any other officer.

23 (d) The Secretary of Labor and the Secretary shall
24 jointly prescribe such rules and regulations as they may
25 deem necessary to carry out the provisions of this section.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary in the Administration of this Act, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized, draws any order or issues, puts

1 forth, or assigns any note, debenture, bond, or other obliga-
2 tion, or draft, bill of exchange, mortgage, judgment, or decree
3 thereof, or (3) with intent to defraud participates, shares, re-
4 ceives directly or indirectly any money, profit, property, or
5 benefit through any transaction, loan, commission, contract,
6 or any other act of the Secretary, or (4) gives any un-
7 authorized information concerning any future action or plan
8 of the Secretary which might affect the value of securi-
9 ties, or having such knowledge, invests or speculates, directly
10 or indirectly, in the securities or property of any company or
11 corporation receiving loans or other assistance from the
12 Secretary, shall be punished by a fine of not more than
13 \$10,000 or by imprisonment for not more than five years,
14 or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

17 SEC. 19. No loan shall be made by the Secretary under
18 this Act to any business enterprise unless the owners, part-
19 ners, or officers of such business enterprise ~~(1)~~ certify to the
20 Secretary the names of any attorneys, agents, or other per-
21 sons engaged by or on behalf of such business enterprise
22 for the purpose of expediting applications made to the
23 Secretary for assistance of any sort, and the fees paid
24 or to be paid to any such person; and ~~(2)~~ execute an

1 agreement binding any such business enterprise, for a
2 period of two years after any assistance is rendered by the
3 Secretary to such business enterprise, to refrain from
4 employing, tendering any office or employment to, or retain-
5 ing for professional services, any person who, on the date
6 such assistance or any part thereof was rendered, or within
7 one year prior thereto, shall have served as an officer, attor-
8 ney, agent, or employee, occupying a position or engaging in
9 activities which the Secretary shall have determined involve
10 discretion with respect to the granting of assistance under
11 this Act.

12 RECORD OF APPLICATIONS

13 SEC. 20. The Secretary shall maintain as a permanent
14 part of the records of the Department of Commerce a list of
15 approved applications for loans which shall be kept available
16 for public inspection during the regular business hours of the
17 Department of Commerce.—The following information shall
18 be posted in such list as soon as each application is approved:
19 (1) the name of the applicant and, in the case of corporate
20 applications, the names of the officers and directors thereof,
21 (2) the amount and duration of the loan for which applica-
22 tion is made, (3) the purposes for which the proceeds of the
23 loan are to be used, and (4) a general description of the
24 security offered.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not approve any project involving the contribution of Federal funds without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276e).

REPORTS

SEC. 22. The Secretary shall make comprehensive and detailed semiannual reports to the Congress of his operations

1 under this Act for each six-month period of each fiscal
2 year beginning with the fiscal year ending June 30, 1962.
3 Such reports shall be printed and shall be transmitted to the
4 Congress not later than January 3 and June 30 of each year
5 following the fiscal year with respect to which such reports
6 are made. Such reports shall show, among other things, (1)
7 the total number of unemployed persons in redevelopment
8 areas, (2) the total principal amount of loans under this
9 Act which are outstanding, the aggregate expenditures in-
10 curred by the Government in providing grants and other
11 forms of assistance under this Act, and the administrative
12 expenses incurred by the Government in providing assistance
13 under this Act, (3) the number of applications for assistance
14 under this Act which are pending and the total amount of
15 assistance requested in such applications, (4) the number of
16 industrial or commercial enterprises which have commenced
17 or expanded operations in redevelopment areas as a result
18 of assistance under this Act, the total asset value of such
19 enterprises, and a description of each such enterprise in terms
20 of whether it is a wholly new business enterprise, an enter-
21 prise which has moved from another area, or a branch of an
22 existing business enterprise located elsewhere, (5) the total
23 number of jobs created in each economically distressed area
24 as a result of assistance extended under this Act, (6) the sum

1 obtained by dividing the total amount of Federal assistance
2 extended under this Act (including the administrative ex-
3 penses incurred by the Government in extending such assist-
4 ance) by the number of jobs created as a result of such
5 assistance, ~~(7)~~ the number and size of Government contracts
6 for the furnishing of supplies and services placed with busi-
7 ness enterprises located in redevelopment areas, and ~~(8)~~ the
8 amount and duration of employment resulting from such
9 contracts. Upon the request of the Secretary, the various
10 departments and agencies of the Government engaged in the
11 procurement of supplies and services shall furnish to the
12 Secretary such information as may be necessary for the
13 purposes of clauses ~~(7)~~ and ~~(8)~~ above.

14 **APPROPRIATION**

15 **SEC. 23.** There are hereby authorized to be appropri-
16 ated such sums as may be necessary to carry out the pro-
17 visions of this Act.

18 **USE OF OTHER FACILITIES**

19 **SEC. 24.** ~~(a)~~ The Secretary may, to the extent prac-
20 ticable and with their consent, use the available services and
21 facilities of other agencies and instrumentalities of the Fed-
22 eral Government on a reimbursable basis. The Secretary
23 shall exercise the authority contained in the preceding sen-

1 tence whenever such exercise will avoid the duplication of
2 existing staffs and facilities.

3 (b) Departments and agencies of the Federal Govern-
4 ment shall exercise their powers, duties, and functions in such
5 manner as will assist in carrying out the objectives of this
6 Act. This Act shall be supplemental to any existing au-
7 thority, and nothing herein shall be deemed to be restrictive
8 of any existing powers, duties, and functions of any other
9 department or agency of the Federal Government.

10 (c) Funds authorized to be appropriated under this Act
11 may be transferred, with the approval of the Director of the
12 Bureau of the Budget, between departments and agencies of
13 the Government, if such funds are used for the purposes for
14 which they are specifically authorized and appropriated.

15 (d) Subject to the standards and procedures prescribed
16 by section 505 of the Classification Act of 1949, as amended,
17 the head of any agency, for the performance of functions
18 under this Act, including functions delegated pursuant to
19 section 25, may place positions in grades 16, 17, and 18 of
20 the General Schedule established by such Act, and such posi-
21 tions shall be in addition to the number of such positions au-
22 thorized by section 505 of the Classification Act of 1949, as

1 amended, to be placed in such grades: *Provided*, That not to
2 exceed one such position may be placed in such grades under
3 this subsection, to be assigned to the agencies by the Secre-
4 tary, with the approval of the Director of the Bureau of the
5 Budget.

6 DELEGATION OF FUNCTIONS

7 SEC. 25. The Secretary, with the approval of the
8 President, is authorized to delegate to the heads of other
9 departments or agencies of the Government such functions,
10 powers, and duties which are conferred upon him by this
11 Act as he deems appropriate, and to authorize the redelega-
12 tion of such functions, powers, and duties by the heads of
13 such departments or agencies.

14 RECORDS AND AUDIT

15 SEC. 26. (a) Each recipient of assistance under sec-
16 tion 6 or 7 of this Act shall keep such records as the Secre-
17 tary shall prescribe, including records which fully disclose
18 the amount and the disposition by such recipient of the pro-
19 ceeds of such assistance, the total cost of the project or
20 undertaking in connection with which such assistance is
21 given or used, and the amount and nature of that portion
22 of the cost of the project or undertaking supplied by other
23 sources, and such other records as will facilitate an effective
24 audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

~~TERMINATION OF AUTHORITY~~

SEC. 27. (a) This Act and all authority conferred there-
under shall terminate at the close of June 30, 1965.

(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

~~(c)~~ The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

DEFINITIONS

1

2 SEC. 28. As used in this Act, the term "State" means
3 any of the several States, the District of Columbia, or the
4 Commonwealth of Puerto Rico; and the term "United
5 States" refers to the several States, the District of Columbia,
6 the Commonwealth of Puerto Rico, and the Virgin Islands.
7 That this Act may be cited as the "Area Redevelopment
8 Act".

9

DECLARATION OF PURPOSE

10 SEC. 2. The Congress declares that the maintenance
11 of the national economy at a high level is vital to the best
12 interests of the United States, but that some of our com-
13 munities are suffering substantial and persistent unemploy-
14 ment and underemployment; that such unemployment and
15 underemployment cause hardship to many individuals and
16 their families and detract from the national welfare by
17 wasting vital human resources; that to overcome this prob-
18 lem the Federal Government, in cooperation with the States,
19 should help areas of substantial and persistent unemploy-
20 ment and underemployment to take effective steps in plan-
21 ning and financing their economic redevelopment; that Fed-
22 eral assistance to communities, industries, enterprises, and
23 individuals in areas needing redevelopment should enable
24 such areas to achieve lasting improvement and enhance the
25 domestic prosperity by the establishment of stable and diver-

1 *sified local economies and improved local living conditions;*
2 *and that under the provisions of this Act new employment op-*
3 *portunities should be created by developing and expanding*
4 *new and existing facilities and resources.*

5 *AREA REDEVELOPMENT ADMINISTRATOR*

6 *SEC. 3. There shall be appointed by the President, by*
7 *and with the advice and consent of the Senate, an Area Re-*
8 *development Administrator in the Department of Commerce*
9 *who shall receive compensation at a rate equal to that re-*
10 *ceived by Assistant Secretaries of Commerce. The Admin-*
11 *istrator shall perform such duties in the execution of this Act*
12 *as the Secretary of Commerce (hereinafter referred to as the*
13 *"Secretary") may assign.*

14 *ADVISORY POLICY BOARD*

15 *SEC. 4. (a) To advise the Secretary in the performance*
16 *of functions authorized by this Act, there is created an Area*
17 *Redevelopment Advisory Policy Board (hereinafter referred*
18 *to as the "Board"), which shall consist of the following mem-*
19 *bers, all ex officio: the Secretary as Chairman; the Secretaries*
20 *of Agriculture; Health, Education, and Welfare; Interior;*
21 *Labor; and Treasury; and the Administrators of the Housing*
22 *and Home Finance Agency and the Small Business Adminis-*
23 *tration. The Chairman may from time to time invite the*
24 *participation of officials of other agencies of the executive*
25 *branch interested in the functions herein authorized. Each*

1 member of the Board may designate an officer of his agency
2 to act for him as a member of the Board with respect to any
3 matter there considered.

4 (b) The Secretary shall appoint a National Public Ad-
5 visory Committee on Area Redevelopment which shall con-
6 sist of twenty-five members and shall be composed of repre-
7 sentatives of labor, management, agriculture, State and local
8 governments, and the public in general. From the members
9 appointed to such Committee the Secretary shall designate a
10 Chairman. Such Committee, or any duly established subcom-
11 mittee thereof, shall from time to time make recommendations
12 to the Secretary relative to the carrying out of his duties under
13 this Act. Such Committee shall hold not less than two meet-
14 ings during each calendar year.

15 (c) The Secretary is authorized from time to time to
16 call together and confer with any persons, including repre-
17 sentatives of labor, management, agriculture, and government,
18 who can assist in meeting the problems of unemployment or
19 underemployment in the several areas designated by the Secre-
20 tary as redevelopment areas.

21 REDEVELOPMENT AREAS

22 SEC. 5. (a) The Secretary shall designate as "rede-
23 velopment areas" those areas within the United States in
24 which he determines, upon the basis of standards generally
25 comparable with those set forth in paragraphs (1) and (2),

1 *that there has existed substantial and persistent unemploy-*
2 *ment for an extended period of time. There shall be included*
3 *among the areas so designated any area—*

4 *(1) where the Secretary of Labor finds that the rate*
5 *of unemployment, excluding unemployment due pri-*
6 *marily to temporary or seasonal factors, is currently 6*
7 *per centum or more and has averaged at least 6 per*
8 *centum for the qualifying time periods specified in para-*
9 *graph (2); and*

10 *(2) where the Secretary of Labor finds that the an-*
11 *nual average rate of unemployment has been at least—*

12 *(A) 50 per centum above the national average*
13 *for three of the preceding four calendar years, or*

14 *(B) 75 per centum above the national average*
15 *for two of the preceding three calendar years, or*

16 *(C) 100 per centum above the national average*
17 *for one of the preceding two calendar years.*

18 *The Secretary of Labor shall find the facts and provide the*
19 *data to be used by the Secretary in making the determina-*
20 *tions required by this subsection.*

21 *(b) The Secretary shall also designate as “redevelop-*
22 *ment areas” those areas (including Indian reservations)*
23 *within the United States which do not meet the require-*
24 *ments set forth in subsection (a) but which he determines*
25 *are among the highest in numbers and percentages of low-*

1 income families, and in which there exists a condition of sub-
2 stantial and persistent unemployment or underemployment.
3 In making the designations under this subsection, the Secre-
4 tary shall consider, among other relevant factors, the number
5 of low-income farm families in the various rural areas of the
6 United States, the proportion that such low-income families
7 are of the total farm families of each of such areas, the re-
8 lationship of the income levels of the families in each such
9 area to the general levels of income in the United States, the
10 current and prospective employment opportunities in each
11 such area, the availability of manpower in each such area for
12 supplemental employment, the extent of migration out of
13 the area, and the proportion of the population of each such
14 area which has been receiving public assistance from the
15 Federal Government or from the State or States in
16 which such area is located or from any municipality therein.
17 In making these determinations the Secretary shall be
18 guided, but not conclusively governed, by pertinent studies
19 made, and information and data collected or compiled, by
20 (1) departments, agencies, and instrumentalities of the Fed-
21 eral Government, (2) State and local governments, (3) uni-
22 versities and land-grant colleges, and (4) private organiza-
23 tions.

24 (c) Upon the request of the Secretary, the Secretary of
25 Labor, the Secretary of Agriculture, the Secretary of the

1 Interior, and such other heads of agencies as may be ap-
2 propriate are authorized to conduct such special studies, ob-
3 tain such information, and compile and furnish to the Secre-
4 tary such data as the Secretary may deem necessary or
5 proper to enable him to make the determinations provided
6 for in subsection (b) of this section. The Secretary shall re-
7 imburse when appropriate, out of any funds appropriated to
8 carry out the purposes of this Act, the foregoing officers for
9 any expenditures incurred by them under this section.

10 (d) As used in this Act, the term "redevelopment area"
11 refers to any area within the United States which has been
12 designated by the Secretary as a redevelopment area.

13 LOANS AND PARTICIPATIONS

14 SEC. 6. (a) The Secretary is authorized to purchase
15 evidences of indebtedness and to make loans (which for pur-
16 poses of this section shall include participations in loans) to
17 aid in financing any project within a redevelopment area for
18 the purchase or development of land and facilities (including,
19 in exceptional cases, machinery and equipment) for industrial
20 or commercial usage, including the construction of new build-
21 ings, the rehabilitation of abandoned or unoccupied buildings,
22 and the alteration, conversion, or enlargement of existing
23 buildings. Such financial assistance shall not be extended for
24 working capital, or to assist establishments relocating, totally
25 or partially, from one area to another.

1 **(b)** *Financial assistance under this section shall be*
2 *on such terms and conditions as the Secretary determines,*
3 *subject, however, to the following restrictions and limita-*
4 *tions:*

5 **(1)** *The total amount of loans (including purchased*
6 *evidences of indebtedness) outstanding at any one time*
7 *under this section (A) with respect to projects in rede-*
8 *velopment areas designated under section 5(a) shall not*
9 *exceed \$100,000,000 and (B) with respect to projects in*
10 *redevelopment areas designated under section 5(b) shall*
11 *not exceed \$100,000,000.*

12 **(2)** *Such assistance shall be extended only to appli-*
13 *cants, both private and public (including Indian tribes),*
14 *approved for such assistance by the State (or any agency*
15 *or instrumentality thereof concerned with problems of*
16 *economic development) in which the project to be financed*
17 *is or will be located.*

18 **(3)** *The project for which financial assistance is*
19 *sought must be reasonably calculated to provide more than*
20 *a temporary alleviation of unemployment or underem-*
21 *ployment within the redevelopment area wherein it is,*
22 *or will be, located.*

23 **(4)** *No such assistance shall be extended hereunder*
24 *unless the financial assistance applied for is not other-*

1 *wise available from private lenders or other Federal*
2 *agencies on reasonable terms.*

3 *(5) The Secretary shall not make any loan with-*
4 *out a participation unless he determines that the loan can-*
5 *not be made on a participation basis.*

6 *(6) No evidences of indebtedness shall be purchased*
7 *and no loans shall be made unless it is determined that*
8 *there is a reasonable assurance of repayment.*

9 *(7) Subject to section 12(5) of this Act, no loan,*
10 *including renewals or extension thereof, may be made*
11 *hereunder for a period exceeding twenty-five years and*
12 *no evidences of indebtedness maturing more than*
13 *twenty-five years from date of purchase may be pur-*
14 *chased hereunder: Provided, That the foregoing re-*
15 *strictions on maturities shall not apply to securities or*
16 *obligations received by the Secretary as a claimant in*
17 *bankruptcy or equitable reorganization or as a creditor*
18 *in other proceedings attendant upon insolvency of the*
19 *obligor.*

20 *(8) Loans made and evidences of indebtedness pur-*
21 *chased under this section shall bear interest at a rate*
22 *equal to the rate of interest paid by the Secretary on*
23 *funds obtained from the Secretary of the Treasury as*
24 *provided in section 9(d)(1) of this Act, plus one-half of*

1 *1 per centum per annum to cover administrative ex-*
2 *penses and to provide for losses on loans made and evi-*
3 *dences of indebtedness purchased under this section.*

4 *(9) Such assistance shall not exceed 65 per centum*
5 *of the aggregate cost to the applicant (excluding all*
6 *other Federal aid in connection with the undertaking)*
7 *of acquiring or developing land and facilities (including,*
8 *in exceptional cases, machinery and equipment), and of*
9 *constructing, altering, converting, rehabilitating, or en-*
10 *larging the building or buildings of the particular proj-*
11 *ect, and shall, among others, be on the condition that—*

12 *(A) other funds are available in an amount*
13 *which, together with the assistance provided here-*
14 *under, shall be sufficient to pay such aggregate cost;*

15 *(B) not less than 10 per centum of such aggre-*
16 *gate cost be supplied by the State or any agency,*
17 *instrumentality, or political subdivision thereof, or*
18 *by a community or area organization which is non-*
19 *governmental in character, as equity capital or as a*
20 *loan repayable only after the Federal financial assist-*
21 *ance extended under this section has been repaid in*
22 *full according to the terms thereof and, if such a loan*
23 *is secured, its security shall be subordinate and in-*
24 *ferior to the lien or liens securing such Federal*
25 *financial assistance;*

1 (C) in extending financial assistance under this
2 section with respect to a redevelopment area, the
3 Secretary shall require that not less than 5 per
4 centum of the aggregate cost of the project for which
5 such assistance is extended shall be supplied by non-
6 governmental sources as equity capital or as a loan
7 repayable only after the Federal financial assistance
8 extended under this section has been repaid in full
9 according to the terms thereof and, if such a loan is
10 secured, its security shall be subordinate and inferior
11 to the lien or liens securing such Federal financial
12 assistance; and

13 (D) to the extent the Secretary finds such action
14 necessary to encourage financial participation in a
15 particular project by other lenders and investors, and
16 except as otherwise provided in subparagraphs (B)
17 and (C), any Federal financial assistance extended
18 under this section may be repayable only after other
19 loans made in connection with such project have been
20 repaid in full, and the security, if any, for such
21 Federal financial assistance may be subordinate and
22 inferior to the lien or liens securing other loans
23 made in connection with the same project.

24 (10) No such assistance shall be extended unless
25 there shall be submitted to and approved by the Secre-

tary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: Provided, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public non-profit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

1 (2) the funds requested for such project are not
2 otherwise available on reasonable terms;

3 (3) the amount of the loan plus the amount of other
4 available funds for such project are adequate to insure
5 the completion thereof;

6 (4) there is a reasonable expectation of repayment;
7 and

8 (5) such area has an approved economic develop-
9 ment program as provided in section 6(b)(10) and the
10 project for which financial assistance is sought is con-
11 sistent with such program.

12 (b) Subject to section 12(5), the maturity date of any
13 such loan shall be not later than forty years after the date
14 such loan is made. Any such loan shall bear interest at a rate
15 equal to the rate of interest paid by the Secretary on funds
16 obtained from the Secretary of the Treasury as provided in
17 section 9(d)(2) of this Act, plus one-quarter of 1 per centum
18 per annum.

19 (c) The total amount of loans outstanding at any one
20 time under this section shall not exceed \$100,000,000.

21 (d) No financial assistance shall be extended under this
22 section with respect to any public facility which would com-
23 pete with an existing privately owned public utility rendering
24 a service to the public at rates or charges subject to regula-
25 tion by a State regulatory body, unless the State regulatory

1 body determines that in the area to be served by the public
 2 facility for which the financial assistance is to be extended
 3 there is a need for an increase in such service (taking into
 4 consideration reasonably foreseeable future needs) which the
 5 existing public utility is not able to meet through its existing
 6 facilities or through an expansion which it is prepared to
 7 undertake.

8 GRANTS FOR PUBLIC FACILITIES

9 SEC. 8. (a) Upon the application of any State, or
 10 political subdivision thereof, Indian tribe, or private or pub-
 11 lic nonprofit organization or association representing any
 12 redevelopment area or part thereof, the Secretary is author-
 13 ized to make grants for land acquisition or development for
 14 public facility usage, and the construction, rehabilitation,
 15 alteration, expansion, or improvement of public facilities,
 16 within a redevelopment area, if he finds that—

17 (1) the project for which financial assistance is
 18 sought will tend to improve the opportunities, in the
 19 redevelopment area where such project is or will be
 20 located, for the successful establishment or expansion
 21 of industrial or commercial plants or facilities which
 22 will provide more than a temporary alleviation of un-
 23 employment or underemployment in such area;

24 (2) the entity requesting the grant proposes to

1 *contribute to the cost of the project for which such grant*
2 *is requested in proportion to its ability so to contribute;*

3 *(3) the project for which a grant is requested will*
4 *fulfill a pressing need of the area, or part thereof, in*
5 *which it is, or will be, located, and there is little proba-*
6 *bility that such project can be undertaken without the*
7 *assistance of a grant under this section; and*

8 *(4) the area for which a project is to be undertaken*
9 *has an approved economic development program as pro-*
10 *vided in section 6(b)(10), and such project is consist-*
11 *ent with such program.*

12 *The amount of any grant under this section for any such*
13 *project shall not exceed 65 per centum of the difference*
14 *between the funds which can be practicably obtained from*
15 *loans (including a loan under section 7 of this Act) and from*
16 *other Federal sources for such project, and the amount which*
17 *is necessary to insure the completion thereof.*

18 *(b) The Secretary shall by regulation provide for the*
19 *supervision of projects with respect to which grants are*
20 *made under this section so as to insure that Federal funds*
21 *are not wasted or dissipated.*

22 *(c) No financial assistance shall be extended under this*
23 *section with respect to any public facility which would com-*
24 *pete with an existing privately owned public utility render-*

1 *ing a service to the public at rates or charges subject to regu-*
2 *lation by a State regulatory body, unless the State regulatory*
3 *body determines that in the area to be served by the public*
4 *facility for which the financial assistance is to be extended*
5 *there is a need for an increase in such service (taking into*
6 *consideration reasonably foreseeable future needs) which the*
7 *existing public utility is not able to meet through its existing*
8 *facilities or through an expansion which it is prepared to*
9 *undertake.*

10 *(d) There is hereby authorized to be appropriated not*
11 *to exceed \$75,000,000 for the purpose of making grants*
12 *under this section.*

13 *AREA REDEVELOPMENT FUND*

14 *SEC. 9. (a) There is hereby established in the Treasury*
15 *of the United States an area redevelopment fund (herein-*
16 *after referred to as the "fund"), which shall be available to*
17 *the Secretary for the purpose of extending financial assist-*
18 *ance under sections 6 and 7 and for the payment of all*
19 *obligations and expenditures arising therefrom.*

20 *(b) When requested by the Secretary, advances shall*
21 *be made to the fund from the appropriations made therefor.*
22 *There is hereby authorized to be appropriated for the pur-*
23 *pose of making advances to the fund, without fiscal year*
24 *limitation, an amount not exceeding \$300,000,000.*

25 *(c) Receipts arising from the programs of assistance*

1 under sections 6 and 7 shall be credited to the fund. Any
2 moneys in the fund determined by the Secretary to be in excess
3 of current needs shall be credited to the appropriation from
4 which advanced to be held for future advances to the fund.

5 (d) There shall be paid into miscellaneous receipts of
6 the Treasury at the close of each fiscal year—

7 (1) interest, on advances made to the fund for
8 use in extending financial assistance under section 6, at
9 rates which shall be determined by the Secretary of the
10 Treasury at the time the advances or commitments for
11 advances are made after taking into consideration the
12 current average market yields of outstanding market-
13 able obligations of the United States having maturities
14 comparable to loans made by the Secretary under section
15 6; and

16 (2) interest, on advances made to the fund for use
17 in extending financial assistance under section 7, at
18 rates which shall be determined by the Secretary of the
19 Treasury at the time the advances or commitments for
20 advances are made but which shall not be more than the
21 higher of (A) $2\frac{1}{2}$ per centum per annum or (B) the
22 average annual interest rate on all interest-bearing
23 obligations of the United States then forming a part
24 of the public debt as computed at the end of the fiscal
25 year next preceding the making of such advances or

1 commitments and adjusted to the nearest one-eighth of
2 1 per centum.

3 (e) The fund shall contribute to the civil service retire-
4 ment and disability fund a sum as provided by section
5 4(a) of the Civil Service Retirement Act (5 U.S.C.
6 2254(a)), except that such sum shall be determined by
7 applying to the total basic salaries (as defined in that Act)
8 paid to employees performing activities authorized under
9 sections 6 and 7 of this Act and covered by that Act the
10 per centum rate determined annually by the Civil Service
11 Commission to be the excess of the total normal cost per
12 centum rate of the civil service retirement system over the
13 employee deduction rate specified in such section 4(a). The
14 fund shall also pay into the Treasury as miscellaneous re-
15 ceipts that portion of the cost of administration of the civil
16 service retirement and disability fund attributable to employees
17 performing activities authorized under sections 6 and 7 of
18 this Act, as determined by the Civil Service Commission.

19 (f) In the performance of and with respect to the func-
20 tions, powers, and duties vested in him by sections 6 and
21 7 of this Act, the Secretary shall—

22 (1) prepare annually and submit a budget program
23 in accordance with the provisions of sections 102, 103,

*and 104 of the Government Corporation Control Act,
as amended; and*

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

9 *SEC. 10. The Secretary shall aid redevelopment areas*
10 *and other areas by furnishing to interested individuals,*
11 *communities, industries, and enterprises within such areas*
12 *any assistance, technical information, market research, or*
13 *other forms of assistance, information, or advice which are*
14 *obtainable from the various departments, agencies, and in-*
15 *strumentalities of the Federal Government and which would*
16 *be useful in alleviating or preventing conditions of excessive*
17 *unemployment or underemployment within such areas. The*
18 *Secretary shall furnish the procurement divisions of the*
19 *various departments, agencies, and other instrumentalities*
20 *of the Federal Government with a list containing the names*
21 *and addresses of business firms which are located in re-*
22 *development areas and which are desirous of obtaining Gov-*
23 *ernment contracts for the furnishing of supplies or services,*

1 *and designating the supplies and services such firms are en-*
2 *gaged in providing.*

3 *TECHNICAL ASSISTANCE*

4 *SEC. 11. In carrying out his duties under this Act the*
5 *Secretary is authorized to provide technical assistance which*
6 *would be useful in alleviating or preventing conditions of ex-*
7 *cessive unemployment or underemployment (1) to areas*
8 *which he has designated as redevelopment areas under this*
9 *Act, and (2) to other areas which he finds have sub-*
10 *stantial need for such assistance. Such assistance shall in-*
11 *clude studies evaluating the needs of, and developing*
12 *potentialities for, economic growth of such areas. Such*
13 *assistance may be provided by the Secretary through mem-*
14 *bers of his staff or through the employment of private indi-*
15 *viduals, partnerships, firms, corporations, or suitable institu-*
16 *tions, under contracts entered into for such purposes. Appro-*
17 *priations are hereby authorized for the purposes of this*
18 *section in an amount not to exceed \$4,500,000 annually.*

19 *POWERS OF SECRETARY*

20 *SEC. 12. In performing his duties under this Act, the*
21 *Secretary is authorized to—*

22 *(1) adopt, alter, and use a seal, which shall be ju-*
23 *dicially noticed;*

24 *(2) hold such hearings, sit and act at such times*

1 *and places, and take such testimony, as he may deem*
2 *advisable;*

3 *(3) request directly from any executive depart-*
4 *ment, bureau, agency, board, commission, office, in-*
5 *dependent establishment, or instrumentality information,*
6 *suggestions, estimates, and statistics needed to carry out*
7 *the purposes of this Act; and each department, bureau,*
8 *agency, board, commission, office, establishment, or in-*
9 *strumentality is authorized to furnish such information,*
10 *suggestions, estimates, and statistics directly to the Sec-*
11 *retary;*

12 *(4) under regulations prescribed by him, assign or*
13 *sell at public or private sale, or otherwise dispose of*
14 *for cash or credit, in his discretion and upon such terms*
15 *and conditions and for such consideration as he shall de-*
16 *termine to be reasonable, any evidence of debt, contract,*
17 *claim, personal property, or security assigned to or held*
18 *by him in connection with loans made or evidences of*
19 *indebtedness purchased under this Act, and collect or*
20 *compromise all obligations assigned to or held by him*
21 *in connection with such loans or evidences of indebted-*
22 *ness until such time as such obligations may be referred*
23 *to the Attorney General for suit or collection;*

24 *(5) further extend the maturity of or renew any*

1 *loan made or evidence of indebtedness purchased under*
2 *this Act, beyond the periods stated in such loan or evi-*
3 *dence of indebtedness or in this Act, for additional pe-*
4 *riods not to exceed ten years, if such extension or renewal*
5 *will aid in the orderly liquidation of such loan or evidence*
6 *of indebtedness;*

7 (6) *deal with, complete, renovate, improve, mod-*
8 *ernize, insure, rent, or sell for cash or credit, upon such*
9 *terms and conditions and for such consideration as he*
10 *shall determine to be reasonable, any real or personal*
11 *property conveyed to, or otherwise acquired by, him*
12 *in connection with loans made or evidences of indebted-*
13 *ness purchased under this Act;*

14 (7) *pursue to final collection, by way of compro-*
15 *mise or other administrative action, prior to reference*
16 *to the Attorney General, all claims against third parties*
17 *assigned to him in connection with loans made or evi-*
18 *dences of indebtedness purchased under this Act. This*
19 *shall include authority to obtain deficiency judgments*
20 *or otherwise in the case of mortgages assigned to the*
21 *Secretary. Section 3709 of the Revised Statutes, as*
22 *amended (41 U.S.C. 5), shall not apply to any*
23 *contract of hazard insurance or to any purchase or con-*
24 *tract for services or supplies on account of property*
25 *obtained by the Secretary as a result of loans made or*

1 evidences of indebtedness purchased under this Act if
2 the premium therefor or the amount thereof does not
3 exceed \$1,000. The power to convey and to execute,
4 in the name of the Secretary, deeds of conveyance,
5 deeds of release, assignments and satisfactions of mort-
6 gages, and any other written instrument relating to real
7 or personal property or any interest therein acquired by
8 the Secretary pursuant to the provisions of this Act
9 may be exercised by the Secretary or by any officer
10 or agent appointed by him for that purpose without the
11 execution of any express delegation of power or power
12 of attorney;

13 (8) acquire, in any lawful manner, any property
14 (real, personal, or mixed, tangible or intangible), when-
15 ever deemed necessary or appropriate to the conduct of
16 the activities authorized in sections 6 and 7 of this Act;

17 (9) in addition to any powers, functions, privileges,
18 and immunities otherwise vested in him, take any and all
19 actions, including the procurement of the services of at-
20 torneys by contract, determined by him to be necessary or
21 desirable in making, purchasing, servicing, compromis-
22 ing, modifying, liquidating, or otherwise administratively
23 dealing with or realizing on loans made or evidences of
24 indebtedness purchased under this Act;

25 (10) to such an extent as he finds necessary to

1 carry out the provisions of this Act, procure the tem-
2 porary (not in excess of six months) service of experts
3 or consultants or organizations thereof, including steno-
4 graphic reporting services, by contract or appointment,
5 and in such cases such service shall be without regard
6 to the civil service and classification laws, and, except
7 in the case of stenographic reporting services by organi-
8 zations, without regard to section 3709 of the Revised
9 Statutes (41 U.S.C. 5); any individual so employed
10 may be compensated at a rate not in excess of \$75 per
11 diem, and, while such individual is away from his home
12 or regular place of business, he may be allowed trans-
13 portation and not to exceed \$15 per diem in lieu of
14 subsistence and other expenses;

15 (11) sue and be sued in any court of record of a
16 State having general jurisdiction or in any United
17 States district court, and jurisdiction is conferred upon
18 such district court to determine such controversies with-
19 out regard to the amount in controversy; but no attach-
20 ment, injunction, garnishment, or other similar process,
21 mesne or final, shall be issued against the Secretary or
22 his property. Nothing herein shall be construed to ex-
23 cept the activities under this Act from the application

1 of sections 507(b) and 2679 of title 28, United
2 States Code, and of section 367 of the Revised Statutes
3 (5 U.S.C. 316); and

4 (12) establish such rules, regulations, and proce-
5 dures as he may deem appropriate in carrying out the
6 provisions of this Act.

7 *TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE*

8 *SEC. 13. Whenever the Secretary shall determine that*
9 *employment conditions within any area previously desig-*
10 *nated by him as a redevelopment area have changed to such*
11 *an extent that such area is no longer eligible for such desig-*
12 *nation under section 5 of this Act, no further assistance shall*
13 *be granted under this Act with respect to such area and, for*
14 *the purposes of this Act, such area shall not be considered*
15 *a redevelopment area: Provided, That nothing contained*
16 *herein shall (1) prevent any such area from again being*
17 *designated a redevelopment area under section 5 of this*
18 *Act if the Secretary determines it to be eligible under such*
19 *section, or (2) affect the validity of any contracts or under-*
20 *takings with respect to such area which were entered into*
21 *pursuant to this Act prior to a determination by the Sec-*
22 *retary that such area no longer qualifies as a redevelo-*
23 *ment area. The Secretary shall keep the departments and*

1 *agencies of the Federal Government, and interested State*
2 *or local agencies, advised at all times of any changes made*
3 *hereunder with respect to the designation of any area.*

4 *URBAN RENEWAL*

5 *SEC. 14. Title I of the Housing Act of 1949, as*
6 *amended, is amended by adding at the end thereof the follow-*
7 *ing new section:*

8 *“REDEVELOPMENT AREAS UNDER THE AREA REDEVELOP-*
9 *MENT ACT*

10 *“SEC. 113. (a) Whenever the Secretary of Commerce*
11 *certifies to the Administrator (1) that any county, city, or*
12 *other municipality (in this section referred to as a ‘municipi-*
13 *pality’) is situated in an area designated under section 5 of*
14 *the Area Redevelopment Act as a redevelopment area, and*
15 *(2) that there is a reasonable probability that with assist-*
16 *ance provided under such Act and other undertakings the*
17 *area will be able to achieve more than temporary improve-*
18 *ment in its economy, the Administrator is authorized to pro-*
19 *vide financial assistance to a local public agency in any such*
20 *municipality under this title and the provisions of this section.*

21 *“(b) Subject to the provisions of subsection (e) of this*
22 *section, the Administrator may provide such financial as-*
23 *sistance under this section without regard to the requirement*
24 *or limitations of section 110(c) that the project area be pre-*
25 *dominantly residential in character or be redeveloped for*

1 *predominantly residential uses under the urban renewal plan,*
2 *and without regard to any of the limitations of that section on*
3 *the undertaking of projects for predominantly nonresidential*
4 *uses.*

5 “(c) Notwithstanding any other provision of this title,
6 a contract for financial assistance under this section may
7 include provisions permitting the disposition of any land in
8 the project area designated under the urban renewal plan
9 for industrial or commercial uses to any public agency or
10 nonprofit corporation for subsequent disposition as promptly
11 as practicable by such public agency or corporation for the
12 redevelopment of the land in accordance with the urban
13 renewal plan: Provided, That any disposition of such land
14 to such public agency or corporation under this section shall
15 be made at its fair value for uses in accordance with the
16 urban renewal plan: And provided further, That only the
17 purchaser from or lessees of such public agency or corpora-
18 tion, and their assignees, shall be required to assume the
19 obligations relating to the commencement of improvements
20 imposed under section 105(b) hereof.

21 “(d) Following the execution of any contract for finan-
22 cial assistance under this section with respect to any project,
23 the Administrator may exercise the authority vested in him
24 under this section for the completion of such projects, not-
25 withstanding any determination made after the execution

1 of such contract that the area in which the project is located
 2 is no longer a redevelopment area under the Area Rede-
 3 velopment Act.

4 “(e) Not more than 10 per centum of the funds author-
 5 ized for capital grants under section 103 after the date of the
 6 enactment of the Area Redevelopment Act shall be used for
 7 the purpose of providing financial assistance under this
 8 section. Amounts used for such purpose shall not be taken
 9 into account for the purpose of the limitation contained in
 10 the second proviso of the fifth sentence of section 110(c).”

11 URBAN PLANNING GRANTS

12 SEC. 15. Paragraph (3) of section 701(a) of the
 13 Housing Act of 1954 is amended by inserting after “coun-
 14 ties which” the following: “(A) are situated in areas des-
 15 igned by the Secretary of Commerce under section 5(a)
 16 of the Area Redevelopment Act as redevelopment areas
 17 or (B)”.

18 OCCUPATIONAL TRAINING

19 SEC. 16. (a) The Secretary of Labor is authorized,
 20 upon request and whenever he determines such studies are
 21 needed, to undertake, or to provide assistance to others for,
 22 studies of the size, characteristics, skills, adaptability, occu-
 23 pational potentialities, and related aspects of the labor force
 24 of any redevelopment area.

25 (b) When a redevelopment area has an approved eco-

1 *conomic development program as provided in section 6(b)*
2 *(10), the Secretary of Labor, in consultation with the*
3 *Secretary and the Secretary of Agriculture, shall determine*
4 *the occupational training or retraining needs of unemployed*
5 *and underemployed individuals residing in the redevelop-*
6 *ment area. The Secretary of Labor shall notify the Secre-*
7 *tary of Health, Education, and Welfare of the occupational*
8 *training or retraining requirements of the area, and shall*
9 *provide for the orderly selection and referral of those un-*
10 *employed or underemployed individuals residing in the*
11 *area who can reasonably be expected to obtain employment*
12 *as a result of the skill they will acquire in the training which*
13 *is to be made available. The Secretary of Labor shall co-*
14 *operate with the Secretary of Health, Education, and Wel-*
15 *fare and with existing State and local agencies and officials*
16 *in charge of existing programs relating to vocational training*
17 *and retraining for the purpose of assuring that the facilities*
18 *and services of such agencies are made fully available to such*
19 *individuals.*

20 *(c) Whenever the Secretary of Labor finds that addi-*
21 *tional facilities or services are needed in the area to meet the*
22 *occupational training or retraining needs of such individuals,*
23 *he shall so advise the Secretary of Health, Education, and*
24 *Welfare. The Secretary of Health, Education, and Welfare*
25 *shall provide assistance, including financial assistance when*

1 necessary, to the appropriate State vocational educational
2 agency in the provision of such additional facilities or serv-
3 ices. If the Secretary of Health, Education, and Welfare
4 finds that the State vocational educational agency is unable
5 to provide the facilities and services needed, he may, after
6 consultation with such agency, provide for the same by agree-
7 ment or contract with public or private educational insti-
8 tutions.

9 (d) The Secretary of Labor shall arrange to provide any
10 necessary assistance for setting up apprenticeships, and to
11 promote journeyman and other on-the-job training.

12 (e) There are hereby authorized to be appropriated such
13 sums, not in excess of \$4,500,000 annually, as may be
14 necessary to carry out the provisions of this section.

15 RETRAINING SUBSISTENCE PAYMENTS

16 SEC. 17. (a) The Secretary of Labor in consultation
17 with the Secretary and the Secretary of Agriculture
18 may, on behalf of the United States, enter into agreements
19 with States in which redevelopment areas are located, under
20 which the Secretary of Labor shall make payments to such
21 States either in advance or by way of reimbursement for the
22 purpose of enabling such States, as agents of the United
23 States, to make weekly retraining payments to unemployed or
24 underemployed individuals residing within such redevel-
25 opment areas who are certified by the Secretary of Labor to be

1 *undergoing occupational training or retraining under section*
2 *16 of this Act. Such payments shall be made for a period*
3 *not exceeding sixteen weeks, and the amount of any such pay-*
4 *ment for any week shall not exceed the amount of the average*
5 *weekly unemployment compensation payment (including al-*
6 *lowances for dependents) payable for a week of total unem-*
7 *ployment in the State making such payments.*

8 *(b) No weekly retraining payment shall be made to*
9 *any person otherwise eligible who, with respect to the week*
10 *for which such payment would be made, has received or is*
11 *seeking unemployment compensation under title XV of the*
12 *Social Security Act or any other Federal or any State un-*
13 *employment compensation law, but if the appropriate State*
14 *or Federal agency finally determines that a person denied*
15 *benefits for any week because of this subsection was not*
16 *entitled to unemployment compensation under title XV of the*
17 *Social Security Act or such Federal or State law with re-*
18 *spect to such week, this subsection shall not apply with*
19 *respect to such week.*

20 *(c) Any agreement under this section may contain*
21 *provisions (including, so far as may be appropriate, pro-*
22 *visions authorized or made applicable with respect to agree-*
23 *ments concluded by the Secretary of Labor pursuant to*
24 *title XV of the Social Security Act) as will promote effec-*
25 *tive administration, protect the United States against loss,*

1 and insure the proper application of payments made to the
2 State under such agreement. Except as may be provided
3 in such agreements, or in the rules and regulations prescribed
4 pursuant to subsection (d) of this section, determinations
5 by any duly designated officer or agency as to the eligibility
6 of individuals for weekly retraining payments under this
7 section shall be final and conclusive for any purposes and
8 not subject to review by any court or any other officer.

9 (d) The Secretary of Labor and the Secretary shall
10 jointly prescribe such rules and regulations as they may
11 deem necessary to carry out the provisions of this section.

12 (e) There are hereby authorized to be appropriated
13 such sums, not in excess of \$10,000,000 annually, as may be
14 necessary to carry out the provisions of this section.

15 **PENALTIES**

16 **SEC. 18. (a)** Whoever makes any statement knowing
17 it to be false, or whoever willfully overvalues any security,
18 for the purpose of obtaining for himself or for any applicant
19 any financial assistance under section 6, 7, or 8, or any
20 extension thereof by renewal, deferment of action, or other-
21 wise, or the acceptance, release, or substitution of security
22 therefor, or for the purpose of influencing in any way the
23 action of the Secretary, or for the purpose of obtaining money,
24 property, or anything of value, under this Act, shall be pun-

1 *ished by a fine of not more than \$10,000 or by imprisonment*
2 *for not more than five years, or both.*

3 *(b) Whoever, being connected in any capacity with*
4 *the Secretary, in the administration of this Act (1) em-*
5 *bezzles, abstracts, purloins, or willfully misapplies any*
6 *moneys, funds, securities, or other things of value, whether*
7 *belonging to him or pledged or otherwise entrusted to him,*
8 *or (2) with intent to defraud the Secretary or any other*
9 *body politic or corporate, or any individual, or to deceive*
10 *any officer, auditor, or examiner, makes any false entry in*
11 *any book, report, or statement of or to the Secretary, or*
12 *without being duly authorized draws any order or issues,*
13 *puts forth, or assigns any note, debenture, bond, or other*
14 *obligation, or draft, bill of exchange, mortgage, judgment,*
15 *or decree thereof, or (3) with intent to defraud participates*
16 *or shares in or receives directly or indirectly any money,*
17 *profit, property, or benefit through any transaction, loan,*
18 *grant, commission, contract, or any other act of the Secre-*
19 *tary, or (4) gives any unauthorized information concerning*
20 *any future action or plan of the Secretary which might affect*
21 *the value of securities, or having such knowledge invests or*
22 *speculates, directly or indirectly, in the securities or property*
23 *of any company or corporation receiving loans, grants, or*
24 *other assistance from the Secretary, shall be punished by a fine*

1 of not more than \$10,000 or by imprisonment for not more
2 than five years, or both.

3 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
4 EMPLOYEES

5 SEC. 19. No financial assistance shall be extended by the
6 Secretary under section 6, 7, or 8 to any business enterprise
7 unless the owners, partners, or officers of such business enter-
8 prise (1) certify to the Secretary the names of any attorneys,
9 agents, and other persons engaged by or on behalf of such
10 business enterprise for the purpose of expediting applications
11 made to the Secretary for assistance of any sort, under this
12 Act, and the fees paid or to be paid to any such person; and
13 (2) execute an agreement binding such business enterprise, for
14 a period of two years after such assistance is rendered by
15 the Secretary to such business enterprise, to refrain from em-
16 ploying, tendering any office or employment to, or retaining
17 for professional services, any person who, on the date such
18 assistance or any part thereof was rendered, or within one
19 year prior thereto, shall have served as an officer, attorney,
20 agent, or employee, occupying a position or engaging in activi-
21 ties which the Secretary shall have determined involve dis-
22 cretion with respect to the granting of assistance under this
23 Act.

RECORD OF APPLICATIONS

SEC. 20. *The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.*

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. *All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), and every such employee shall receive compensation at a rate not less than one and one-half*

1 times his basic rate of pay for all hours worked in any work-
2 week in excess of eight hours in any workday or forty hours
3 in the workweek, as the case may be. The Secretary shall
4 not extend any financial assistance under section 6, 7, or 8 for
5 such a project without first obtaining adequate assurance that
6 these labor standards will be maintained upon the construc-
7 tion work. The Secretary of Labor shall have, with respect
8 to the labor standards specified in this provision, the authority
9 and functions set forth in Reorganization Plan Numbered 14
10 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
11 15), and section 2 of the Act of June 13, 1934, as amended
12 (48 Stat. 948, as amended; 40 U.S.C. 276c).

13 ANNUAL REPORT

14 SEC. 22. The Secretary shall make a comprehensive
15 and detailed annual report to the Congress of his opera-
16 tions under this Act for each fiscal year beginning with
17 the fiscal year ending June 30, 1962. Such report shall
18 be printed and shall be transmitted to the Congress not
19 later than January 3 of the year following the fiscal year
20 with respect to which such report is made. Such report
21 shall show, among other things, (1) the number and size
22 of Government contracts for the furnishing of supplies and
23 services placed with business enterprises located in redevelop-
24 ment areas, and (2) the amount and duration of employment
25 resulting from such contracts. Upon the request of the Sec-

1 retary, the various departments and agencies of the Gov-
2 ernment engaged in the procurement of supplies and serv-
3 ices shall furnish to the Secretary such information as may
4 be necessary for the purposes of this section.

5 *APPROPRIATION*

6 *SEC. 23.* There are hereby authorized to be appro-
7 priated such sums as may be necessary to carry out the
8 provisions of this Act.

9 *USE OF OTHER FACILITIES*

10 *SEC. 24. (a)* Whenever possible in carrying out the
11 provisions of this Act the Secretary shall use the available
12 services and facilities of other agencies and instrumentalities
13 of the Federal Government, but only with their consent and
14 on a reimbursable basis. The foregoing requirement shall
15 be implemented by the Secretary in such a manner
16 as to avoid the duplication of existing staffs and facilities in
17 any agency or instrumentality of the Federal Government.
18 The Secretary is authorized to delegate to the heads of other
19 departments and agencies of the Federal Government any
20 of the Secretary's functions, powers, and duties under this
21 Act as he may deem appropriate, and to authorize the redele-
22 gation of such functions, powers, and duties by the heads of
23 such departments and agencies.

24 *(b)* Departments and agencies of the Federal Govern-
25 ment shall exercise their powers, duties, and functions in such

1 manner as will assist in carrying out the objectives of this
2 Act. This Act shall be supplemental to any existing author-
3 ity, and nothing herein shall be deemed to be restrictive of
4 any existing powers, duties, and functions of any other de-
5 partment or agency of the Federal Government.

6 (c) Funds authorized to be appropriated under this
7 Act may be transferred, with the approval of the Director
8 of the Bureau of the Budget, between departments and
9 agencies of the Government, if such funds are used for the
10 purposes for which they are specifically authorized and
11 appropriated.

12 (d) Subject to the standards and procedures prescribed
13 by section 505 of the Classification Act of 1949, as amended,
14 the head of any agency, for the performance of functions
15 under this Act, including functions delegated pursuant to
16 subsection (a), may place positions in grades 16, 17, and 18
17 of the General Schedule established by such Act, and such
18 positions shall be in addition to the number of such positions
19 authorized by section 505 of the Classification Act of 1949,
20 as amended, to be placed in such grades: Provided, That not
21 to exceed a total of fifteen such positions may be placed in such
22 grades under this subsection, to be apportioned among the
23 agencies by the Secretary, with the approval of the Director
24 of the Bureau of the Budget.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

STUDY BY SECRETARY

SEC. 27. The Secretary shall make a study of the feasibility of establishing procedures to provide for increased use of military bases, and Government-owned plants and facilities for the manufacture or production of munitions and

1 other supplies for the Government, which are located in areas
2 designated under section 5 of this Act as redevelopment
3 areas and which are not fully utilized, whenever such use
4 is consistent with the national defense, economy in Govern-
5 ment operation, and other Government procurement objec-
6 tives. Upon the completion of such study the Secretary shall
7 submit to the Congress a report of his findings together
8 with such recommendations for legislative and other action
9 as he may deem appropriate.

10

APPLICATION OF ACT

11 SEC. 26. As used in this Act, the terms "State", "States",
12 and "United States" include the several States, the District
13 of Columbia, the Commonwealth of Puerto Rico, the Virgin
14 Islands, Guam, and American Samoa.

87TH CONGRESS
1ST Session

S. 1

[Report No. 186]

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 16, 1961

Referred to the Committee on Banking and Currency

MARCH 22, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

March 24, 1961

8. ELECTRIFICATION; FORESTRY. Sen. Gruening inserted an Alaska Legislature resolution urging enactment of legislation to authorize the construction of the Crater-Long Lakes division of the Snettisham hydroelectric power project in the Tongass National Forest, Alaska. pp. 4450-1
Sen. McGee inserted his exchange of correspondence with the Interior Department concerning a reexamination of the future power revenue potential of the upper Colorado River storage project. pp. 4464-5
9. PEACE CORPS. Sen. McGee inserted an editorial commending the President's action in establishing a Peace Corps. p. 4475
10. CONSUMERS. Sen. Neuberger urged that more consideration be given to the interests of the American consumer and inserted several items on this matter. pp. 4476-7
11. FARM LABOR. Sen. Holland criticized the showing in England of the film, "Harvest of Shame," depicting certain working and living conditions of migratory farm workers, and inserted several items regarding this matter. pp. 4477-80
12. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the third supplemental appropriation bill will be considered on Mon., and the sugar bill will probably be considered on Wed. p. 4480
13. ADJOURNED until Mon., Mar. 27. p. 4481

HOUSE

14. MINIMUM WAGES. By a vote of 340 to 78, passed with amendments H. R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage to \$1.15 an hour. pp. 4489-4530

Agreed to the following amendments:

By Rep. Ayres, 216 to 203, which was an amendment in the nature of a substitute for the bill as reported and amends various provisions of the Fair Labor Standards Act and provides for an increase in the minimum wage to \$1.15 an hour instead of a gradual increase to \$1.25 an hour (pp. 4489-4528). This amendment was earlier agreed to in the Committee of the Whole by a vote of 206 to 162 (p. 4528).

By Rep. Herlong, 161 to 133, as an amendment to the Ayres amendment to provide that "the transportation of the harvest crew to and from the farm and the transportation of the just-harvested commodities to the first place of packing or processing within the same State would be included within the agricultural exemption" under the definition of "agriculture" in the Fair Labor Standards Act of 1938. p. 4523

Rejected the following amendments:

By Rep. Albert, 185 to 186, which was in the nature of a substitute for the Ayres amendment and which would have changed the definition of enterprises engaged in commerce or in the production of goods for commerce, provided for a gradual increase in the minimum wage to \$1.25 an hour, would not require the payment of overtime compensation to newly covered employees, would not change the present act's overtime exemption with respect to seasonal industries and the first processing of certain agricultural and horticultural commodities, and would exempt from the act's minimum wage and overtime provisions any employee of a retail or service establishment which is primarily engaged in the business of selling farm implements. pp. 4514-28

March 24, 1961

By Rep. Martin, Nebr., as an amendment in the nature of a substitute for the Ayres amendment to strike out all language of the Ayres amendment except for the provision providing for an increase in the minimum wage to \$1.15 an hour. p. 4528

Rejected, 196 to 224, a motion by Rep. Hiestand to recommit the bill to the Education and Labor Committee. pp. 4528-9

15. DEPRESSED AREAS. As reported by the Banking and Currency Committee, S. 1, the depressed areas bill, includes provisions as follows:

Provides for the appointment by the President of an Area Redevelopment Administrator in the Department of Commerce under the direction of the Secretary of Commerce.

Establishes an Area Redevelopment Advisory Policy Board to advise the Secretary of Commerce, to be composed of the following members, all ex officio: Secretary of Commerce as Chairman; Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration.

Directs the Secretary of Commerce to appoint a 25-member National Public Advisory Committee on Area Redevelopment, to be composed of representatives of labor, management, agriculture, State and local governments, and the general public.

Directs the Secretary of Commerce to designate as "redevelopment areas" areas within the U. S. which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making these designations the Secretary would be required to consider, among other relevant factors, the number of low-income farm families to the total farm families of each of such areas, the relationship of the income levels of families in each such area to the general levels of income in the U. S., the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration from such area, and the proportion of the population in each such area which has been receiving public assistance from the Federal, State, or local government. In making these determinations, the Secretary would be guided (but not conclusively governed) by studies made, and information compiled, by Federal agencies, State and local governments, educational institutions, and private organizations.

Authorizes the Secretary of Commerce to make loans (and participations in loans) and purchase evidences of indebtedness to assist in financing the purchase and development of land and facilities for industrial and commercial use in redevelopment areas.

Provides that the total amount of assistance outstanding at any one time with respect to industrial redevelopment areas shall not exceed \$100 million, and with respect to rural redevelopment areas shall not exceed \$100 million. Establishes certain restrictions and limitations on the financial assistance which may be extended.

Authorizes loans of not to exceed \$100,000,000 at any one time to State or local governments, Indian tribes, or private or public nonprofit organizations for the purchase or development of land for public facilities in redevelopment areas, and for the construction, rehabilitation, expansion, or improvement of public facilities in such areas. Also, authorizes appropriations not exceeding \$75 million for grants for such public facilities.

Establishes in the Treasury Department an area redevelopment fund of up to \$300 million to be available to the Secretary of Commerce to extend financial assistance to redevelopment areas.

Authorizes the appropriation of \$4.5 million annually to provide technical assistance to redevelopment areas and other areas needing assistance.

Authorizes the appropriation of \$4.5 million annually for occupational training in redevelopment areas.

Authorizes the appropriation of \$10 million annually for retraining subsistence payments to unemployed or underemployed persons in redevelopment areas.

Authorizes the Secretary of Commerce to delegate to the heads of other Federal agencies any of his functions, powers, and duties, and the redelegation of such by the heads of the agencies.

Authorizes the transfer of funds to other Federal agencies, with the approval of the Director of the Budget Bureau.

Requires Commerce to furnish the procurement divisions of Federal agencies with the names and addresses of business firms located in redevelopment areas which are desirous of obtaining Government contracts to furnish supplies or services.

16. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 5954, the Treasury-Post Office appropriation bill for 1962 (H. Rept. 200). p. 4534

17. FARM PROGRAM. Rep. Quie criticized the recently announced price supports for feed grains as being too low for grain sorghum and stated that "the Secretary has seen fit not to change the wheat support price of 75 percent of parity but has raised cotton supports to 82 percent." p. 4531

18. FOREIGN TRADE. Rep. Philbin expressed concern over "the serious plight of the textile industry" and urged the President and his Cabinet committee to give "early and intensified attention to the very serious problems growing out of foreign imports." pp. 4530-1

19. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Treasury-Post Office appropriation bill will be considered on Tues., and thereafter, if rules are reported, the depressed areas bill and the bill to extend the Reorganization Act will be considered. p. 4530

20. ADJOURNED until Mon., May. 27. p. 4532

ITEMS IN APPENDIX

21. MINIMUM WAGE. Extension of remarks of Sen. Robertson inserting the views of the Virginia Farm Bureau Federation opposing the proposed minimum wage bill. p. A2074

22. RECREATION. Extension of remarks of Sen. Case, S. Dak., inserting an article discussing an interview with Conrad L. Wirth, director of the National Park Service, in which he described the plans and proposals for an expanded national park and recreational area system. pp. A2074-5

23. WATER RESOURCES. Extension of remarks of Rep. Mack inserting a Cumberland County, Ill., resolution approving plans for a project of soil and water conservation for the Embarrass River Watershed. p. A2090

24. LAMB PURCHASES. Extension of remarks of Rep. Langen stating that this Department's "recently announced lamb-buying program seems to be pretty much a matter of robbing Peter to pay Paul when viewed in the light of lamb imports," and that "the present policy is harming both the farmer and the taxpayer." p. A2092

25. NATURAL RESOURCES. Extension of remarks of Rep. Dingell inserting an address by Interior Secretary Udall before the 26th North American Wildlife and Natural Resources Conferences. p. A2095-6
Rep. Dingell also inserted an address by Ira N. Gabrielson, president Wildlife Management Institute, "The Chance for Conservation," before the Conference. pp. A2096-7
26. 4-H CLUB. Extension of remarks of Sen. Wiley inserting an article describing "the fine work being undertaken on the 4-H programs." pp. A2101-2
27. MILK. Extension of remarks of Rep. Hall stating that the marketing of milk is a matter of vital concern to his district and that the "use of artificial and unjustified health barriers to prevent the marketing of our products is a matter of grave concern to thousands of dairy farmers in southwest Missouri," and inserting an article on this subject. p. A2113

SENATE CONT'D

28. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1961. The Appropriations Committee reported with amendments this bill, H. R. 5133 (S. Rept. 85) (p. 4433). The Senate Committee approved for Forest Service supplementals and pay act costs the same amounts as included in the House bill (see Digest 38 for details). Also included in Senate Committee bill were three supplemental appropriation estimates for the Commodity Credit Corporation, transmitted in Senate Doc. 19 and approved in the same amounts as the Budget estimates (see Digest 46 for details). In addition, the bill includes items for additional GSA capital to finance sales to Federal agencies, the mutual security development loan fund, unemployment compensation for Federal employees, and Federal employees' compensation claims.

BILLS INTRODUCED

29. COMMITTEES. S. Res. 115, by Sen. Neuberger, to create the Select Committee on Consumers Interests; to Government Operations Committee. Remarks of author. pp. 4436-7
S. Res. 116, by Sen. Lausche, to establish the Select Committee on Federal Subsidies; to Government Operations Committee. Remarks of author. pp. 4437-9
30. SEED. H. R. 5917, by Rep. Andersen, Minn., to amend the Federal Seed Act, as amended, with respect to screenings of seed; to Agriculture Committee.
31. FARM LOANS. H. R. 5925, by Rep. May, to simplify, consolidate, and improve the authority of the Secretary of Agriculture with respect to loans to farmers and ranchers; to Agriculture Committee.
32. WATER POLLUTION. H. R. 5927, by Rep. Perkins, to amend the Federal Water Pollution Control Act to provide for a more effective program of water pollution control; to Public Works Committee.
33. MILK. H. R. 5928, by Rep. Thomson, Wis., to amend the Public Health Service Act to protect the public from unsanitary milk and milk products shipped in interstate commerce, without unduly burdening such commerce; to Interstate and Foreign Commerce Committee.

March 27, 1961

- 3 -

11. PEACE CORPS. Sen. Long, Hawaii, inserted a Hawaii Legislature resolution supporting the establishment of a Peace Corps. p. 4557
12. GRAIN SHIPMENTS; TRANSPORTATION. Sen. Williams, Del., criticized "a shocking situation wherein the U. S. Government in its shipments of grain under the foreign aid program was being grossly overcharged by two shipping companies -- Bloomfield Steamship Co. and the Lykes Bros. Steamship Co., Inc. The shipping charges were financed by the ICA." pp. 4605-7
13. NOMINATION. Confirmed the nomination of Ralphael M. Palewonsky to be Governor of the Virgin Islands. pp. 4605, 4607-12
14. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the minimum wage bill will probably be considered Apr. 12 or 13th. pp. 4537-8

HOUSE

15. DEPRESSED AREAS. The Rules Committee reported a resolution for consideration of S. 1, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas. pp. 4642
16. REORGANIZATION. The Rules Committee reported a resolution for consideration of S. 153, to amend and extend the Reorganization Act of 1949 so that it will apply to reorganization plans transmitted to the Congress at any time before June 1, 1963. p. 4642
17. FARM LABOR. Rep. Green inserted a letter from Norman O. Nilsen, Ore. Commissioner of Labor, to the H. Agriculture Committee favoring higher wages for migratory labor and discontinuation of the Mexican farm labor program at some fixed date in the future. p. 4639
18. RADIATION CONTROL. Rep. Ashley urged stricter control over the hazards of ionizing radiation. pp. 4631-2
19. FOREIGN AID. Rep. Pelly expressed opposition to "the proposal of President Kennedy for a 5-year \$7.3 billion new foreign aid program," stating that "many of us who constitute a nonpartisan anti-back-door spending group will vigorously fight any bill that authorizes financing of a program by public debt transaction." pp. 4633-4

ITEMS IN APPENDIX

20. TEXTILES. Extension of remarks of Sen. Jordan inserting Sen. Pastore's address concerning the plight of the textile industry and the effect of imports on that industry. pp. A2115-6
Extension of remarks of Rep. Davis, Ga., inserting a Ga. General Assembly resolution requesting Congress to make a study regarding tariff rates of certain imported goods. p. A2157
21. DEPRESSED AREAS. Extension of remarks of Rep. Mathias discussing various depressed areas, with special reference to Hagerstown, Md., and inserting an article describing how that town is taking the matter in its own hands by bringing new industries to the area. pp. A2127-8

22. SOYBEANS. Extension of remarks of Rep. Schwengel inserting a letter and telegram sent to the Secretary by Dale W. McMillen, Jr., president of Central Soya, Fort Wayne, Ind., protesting the "unrealistic price support for soybeans." p. A2129
23. MINIMUM WAGE. Speech in the House by Rep. Gilbert during debate on H. R. 3935, the minimum wage bill. p. A2140
Extension of remarks of Rep. Derounian inserting an article, "The House Passes A Better Wage Bill." p. A2157
24. NATIONAL PARKS. Extension of remarks of Rep. Dingell inserting an article, "A National Policy for the Establishment and Protection of National Parks and Monuments." pp. A2142-3
25. FARM PROGRAM. Extension of remarks of Rep. King inserting an article criticizing the President's farm program. p. A2143
Extension of remarks of Rep. Reifel stating that expenditures under the food-for-peace program "should not be reflected as part of the Department of Agriculture budget and thus be charged to the farmer," and inserting an article, "New Look At Surpluses." pp. A2146-7
26. MILK SANITATION. Extension of remarks of Rep. Johnson, Wis., inserting several Land O'Lakes Creameries resolutions including the taxation of cooperatives, price support program for milk, import quotas, and national uniform sanitary standards for milk. pp. A2144-5
27. PESTICIDE CHEMICALS. Extension of remarks of Rep. Dingell inserting an article, "Health Hazards from Agricultural Chemicals." p. A2146
28. CIVIL DEFENSE. Extension of remarks of Rep. Boggs inserting an article, "Urgent Need for Adequate Civil Defense." p. A2152
29. WATER POLLUTION. Extension of remarks of Rep. Dingell inserting an article, "The Politics of Pollution," and stating that "this is a well-thought-out commentary on why Americans must begin to react vigorously to clean up the soiled and foul waters of our land." pp. A2152-4

BILLS INTRODUCED

30. ROADS. H. R. 5960, by Rep. Riehlman, relating to the financing of the Federal highway program; to Ways and Means Committee. Remarks of author. p. 4635
H. R. 5961, by Rep. Riehlman, to amend certain laws relating to Federal-aid highways, to make certain adjustments in the Federal-aid highway program; to Public Works Committee. Remarks of author. p. 4635
31. LABOR STANDARDS. H. R. 5966, by Rep. Zelenko, to amend the Fair Labor Standards Act, 1938, as amended, to provide for minimum wages for certain persons employed in agriculture; to Education and Labor Committee.
32. NATURAL RESOURCES. S. 1445, by Sen. Byrd, W. Va., to stimulate the Nation's economic growth through accelerated natural resources development; to Agriculture and Forestry Committee.
33. PERSONNEL. S. 1446, by Sen. Smith, Me. (by request), to provide for the adjustment of periods of military leave granted to Federal officers and employees; to Armed Services Committee.

CONSIDERATION OF S. 1

MARCH 27, 1961.—Referred to the House Calendar and ordered to be printed

Mr. BOLLING, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 237]

The Committee on Rules, having had under consideration House Resolution 237, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 29

87TH CONGRESS
1ST SESSION

H. RES. 237

[Report No. 201]

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 1961

Mr. BOLLING, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution, it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the Union
4 for the consideration of the bill (S. 1) to establish an effec-
5 tive program to alleviate conditions of substantial and per-
6 sistent unemployment and underemployment in certain eco-
7 nomically distressed areas. After general debate, which shall
8 be confined to the bill and continue not to exceed three hours,
9 to be equally divided and controlled by the chairman and the
10 ranking minority member of the Committee on Banking and
11 Currency, the bill shall be read for amendment under the
12 five-minute rule. It shall be in order to consider, without

1 the intervention of any point of order, the substitute amend-
2 ment recommended by the Committee on Banking and Cur-
3 rency now in the bill, and such substitute for the purpose of
4 amendment shall be considered under the five-minute rule
5 as an original bill. At the conclusion of such consideration
6 the Committee shall rise and report the bill to the House
7 with such amendments as may have been adopted and any
8 member may demand a separate vote in the House on any
9 of the amendments adopted in the Committee of the Whole
10 to the bill or committee substitute. The previous question
11 shall be considered as ordered on the bill and amendments
12 thereto to final passage without intervening motion except
13 one motion to recommit, with or without instructions.

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87TH CONGRESS
1ST Session

H. RES. 237

[Report No. 201]

RESOLUTION

Providing for consideration of S. 1, a bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

By Mr. BOLLING

MARCH 27, 1961

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued March 29, 1961
For actions of March 28, 1961
87th-1st, No. 54

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HIGHLIGHTS: Senate committee reported sugar bill. House began debate on depressed areas bill. Senate confirmed CCC Board and Bagwell nominations. House passed Treasury-Post Office appropriation bill.

HOUSE

1. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1961. Conferees were appointed on this bill, H. R. 5188 (p. 4715). Senate conferees have already been appointed.
2. TREASURY-POST OFFICE APPROPRIATION BILL, 1962. Passed without amendment this bill, H. R. 5954. pp. 4721-38
3. DEPRESSED AREAS. Began debate on S. 1, the depressed areas bill. pp. 4733-70
4. COMMITTEE ASSIGNMENTS. Rep. William H. Avery, Kan., was elected to the Committee on Rules. p. 4744
5. TEXTILES. Reps. Hemphill, Whitener and Lindsay deplored the increasing U. S. imports of cotton and cotton goods in relation to the economy in the South. pp. 4771-5
6. GOVERNMENT OPERATIONS. Received GAO findings and recommendations for improving Government operations. p. 4781

7. SURPLUS PROPERTY. Received from GSA a proposed bill "to repeal a certain provision of the Independent Offices Appropriation Act, 1961 (74 Stat. 434), regarding the disposal of surplus real property"; to Government Operations Committee. p. 4781
8. REORGANIZATION. The committee report on H. R. 5742, to amend and extend the Reorganization Act, includes the following statement regarding the submission of reorganization plans by the Executive branch:

"Criticisms have been made and the committee has been concerned with the tendency of the Executive to draft reorganization plans in general terms so that the full scope of the reorganization is not always readily apparent from the contents of the plans as presented. At times, the plans seem to confer on Department and agency heads such unrestricted redelegation authority that they are able to effect further substantial reorganizations without referring them to the Congress. In its review of any plans submitted under the bill the committee will insist that they be composed with such detail that their full import is readily ascertainable. The committee is also undertaking a review of the act to see if any improvements are needed.

"The committee has also noted a tendency in recent years for the Executive to submit plans without the full justification in reducing expenditures and promoting economy that the bill requires. The committee will insist that the plans submitted be in accord with the language and intent of the act and we will continue to scrutinize with care all plans accordingly."

SENATE

9. SUGAR. The Finance Committee reported with amendments H. R. 5463, to amend and extend the Sugar Act (S. Rept. 125) (p. 4646). The "Daily Digest" states that the committee adopted amendments which "would (1) limit extension of the act to 15 months (instead of 21 as in House-passed bill); and (2) in regard to re-allocation of Cuban quota, importers of such sugar would pay into U. S. Treasury an amount equal to the difference between world price and U. S. price of raw sugar" (p. D208).
Sen. Church inserted a speech by Sen. Moss before the Cache Co., Utah, Sugar Beet Growers Assoc. "which outlines how extensively sugar has become embroiled in international relations, and suggests some of the problems which must be considered in drafting the new long-term bill." pp. 4664-5
10. NOMINATIONS. Confirmed the nominations of Charles S. Murphy, John P. Duncan, Frank J. Welch, James T. Ralph, Horace Godfrey, and Willard Cochrane to be members of the CCC Board of Directors and John C. Bagwell to be General Counsel of this Department (p. 4702). The nominations were reported earlier by the Agriculture and Forestry Committee (p. 4643).
11. FOREIGN AID. Both Houses received a GAO audit report of the Development Loan Fund (H. Doc. 126). pp. 4644, 4781
Sen. Bridges expressed concern over the expenditure of funds for certain foreign aid activities and inserted a newspaper article criticizing the foreign aid program. pp. 4679-80
Sen. Fulbright stated that the President's message on foreign aid included a number of recommendations submitted in 1957 by the Senate Special Committee To Study the Foreign Aid Program and inserted a summary of the recommendations of the Special Committee. pp. 4681-3

the users of the mail. For example, we asked the Post Office Department last year to distribute to every home a census blank. This cost the Department money, obviously, but we say that this amount should be paid out of the Treasury and not charged against the users of first-, second-, third-, and fourth-class mail.

What we are trying to do, Mr. Chairman, is to segregate those services the Post Office does which have no relation to what the users of the mail should be charged with—services which we as a Congress impose upon the Post Office Department. We are trying to point out certain services and say that they are not proper charges against the users of the mail and that the users should not be asked to pay for the services. I am hopeful we can arrive at some decision on it this year and arrive at a rate basis that will eliminate the postal deficit. I am sure that is what the gentleman wants to accomplish.

Mr. GARY. We think we ought to bring the deficit down from what it is now. The gentleman knows that the greater part of the deficit is caused from those users of the mails who are getting subsidies. Some say it is a public service; I say it is a special service that is rendered, and when people get special services from the Government they should be willing to pay for them and be made to pay for them. Ordinary users of the mail should not be called upon to pay more than the cost of the service rendered to them. But I do not think the deficit has anything to do with that. Let us get an adequate cost accounting system and determine what it is costing to handle this mail.

Mr. CORBETT. The gentleman's committee, I am afraid, is using the term "public service" a little differently than my committee is in order to determine what things are proper charges to the Treasury and what things are proper charges to the users of the mail—figures you are going to give out at the end of this year.

Mr. GARY. I hope the gentleman will not base it on the difference between first- and second-class post offices and third- and fourth-class post offices. I see no justification for that distinction, in that they all render service to the people in handling the mail.

Mr. CORBETT. We are going to try to show the gentleman that the cost figures are unclear.

When the Post Office Department closes a fourth-class office they say they do not put any figure on it because they do not know how much it should be; therefore, they made an estimate of zero instead of an estimate of \$70 million, or whatever it was. They do say that everytime they close a fourth-class office there has been a saving of \$1,400,000. So they have put an estimate on it.

Your third- and fourth-class offices are community centers, and they operate far beyond the scope of simply being a depository for letters. However, beyond that, here is the determination which it is the duty of the Congress and the Post Office Department to

work out. This is our job. If we fail to do it then we should be held accountable, but having done it then we should join with you folks and with others in saying there should not be any special services granted to users of the mail for which they do not pay. Then we can agree on that and destroy the argument of any users of the mail hiding behind the public service factor if we implement it dollarwise.

Mr. BASS of Tennessee. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I should like to call attention to page 14 of the committee report which states:

The committee considers that the post office construction program is being accelerated entirely too rapidly.

I think that the statement is misleading because we have not had any construction actually performed by the Federal Government that is noticeable throughout the country in post office and Federal buildings in the past 20 years.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from Virginia.

Mr. GARY. I will say to the gentleman that with reference to construction under lease, they are planning new construction next year for 1,762 new post offices. It is true they will be constructed under lease and not by the Federal Government. The way that is handled, the Federal Government acquires a piece of land, it then gets somebody to agree to erect a building on it. The Government sells the land to them, then they enter into a lease agreement for the land and the building. We feel they have been entering into these lease agreements too fast, and they have not been giving sufficient consideration to the cost of the transaction. We think it ought to be slowed down until we can get some figures.

Mr. BASS of Tennessee. I might be in position to agree with the chairman in some instances as to cost of the leased buildings, but what I would like to point out is that the program of building is not overly accelerated because there is a tremendous need for post office quarters throughout the country. As a matter of fact, in the 16 counties of the district of Tennessee that I represent there has been only one post office building constructed as a Federal building since World War II. Certainly if we are in the period now where we see a necessity for increased construction as a stimulus to the economy—and I am fully aware of the necessity for it—then I think greater consideration should be placed on building Federal buildings. If there is an acceleration that is above what it should be, it is an acceleration of buildings that are leased where Government-owned quarters would serve better, but certainly the program of construction itself in the instance of procuring adequate quarters for post office operations has not been overly accelerated. They should be changed from ordinary leased quarters to those of federally owned quarters throughout the Nation.

Mr. GARY. Our committee has no jurisdiction over that subject matter at all because all government construction is handled by the General Services Administration. We do not handle the appropriations for the General Services Administration, so we cannot put one dollar of construction costs in our program.

Mr. BASS of Tennessee. You can slow down providing funds for leased quarters in the larger cities and towns which will necessarily make them build federal buildings.

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from New York.

Mr. PILLION. Our subcommittee was in trouble on account of the tremendous jump in the costs of leased buildings and a few of the utilities. There was a feeling that perhaps we were going too far and too fast. The gentleman from North Carolina [Mr. ALEXANDER], referred to this figure in his presentation. That item of rents and utilities jumped from \$75 million a year to \$113 million in the space of 2 years; a 50 percent increase. So, the committee felt that there ought to be a review and a stop, look, and listen attitude so that we do not get into a situation to where we are committed to lease cost way beyond what may be absolutely necessary.

Mr. BASS of Tennessee. I agree with the gentleman.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am interested in this discussion, too, and I would like to pursue this just a little bit further with the distinguished chairman of this great Subcommittee on Appropriations as well as with the gentleman on the minority side who has apparently expressed agreement with what the chairman of the subcommittee has just said.

I would like to ask the chairman this: Is it not a fact that most of these lease contract agreements referred to by the Post Office Department for use of facilities have been for third-class offices?

Mr. GARY. No, they are not.

Mr. HARRIS. Well, I have several in my district, and every one of them that has been authorized and a lease permitted has been for third-class offices without exception. And, I think the Post Office Department has done a pretty good job working cooperatively with the local people for this particular class of office. I think the gentleman from Virginia and the members of this committee realize from a practical standpoint we are not going to get the General Services Administration, and everyone else who would be involved with it, to approve a Federal building, a Post Office facility, for a third-class office in any community. And, I would like to impress upon the members of this committee, if you have any question about these leased facilities, that you do not cut out these third-class offices in the small communities where they cannot get facilities otherwise except by lease or rental.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Tennessee.

Mr. BASS of Tennessee. I am in perfect agreement with the gentleman on this matter, and I am not suggesting in any degree that we start building Federal buildings for post offices in all of these small communities. The business of providing adequate quarters by lease is adequate. But, in the building of buildings and leasing quarters for first-class offices in large metropolitan areas where Federal buildings should be provided is what I am talking about. Now, in the smaller communities that is a different problem, and I am in agreement with the gentleman.

Mr. HARRIS. But this is a broad statement in the report. It refers to all leased quarters.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Massachusetts.

Mr. CONTE. There is another benefit to lease-building construction. It puts that building on the tax roll in the smaller communities, where you have these third-class offices in the small towns, where they already have a heavy real estate tax burden. Instead of having a Government building which is tax exempt, you will have a leased building on which to get some revenues.

Mr. HARRIS. Yes; the gentleman makes a good point. But, the point I want to emphasize here—and I hope the committee does not go that far—is that while I agree with the committee that we should review these programs, they should give close scrutiny to them, at the same time I do not believe that the committee by its report here should be telling the Post Office Department where an acceptable contract for leased quarters can be provided for facilities in a small community that cannot get them otherwise, that it should not be permitted, and I hope that the gentleman's committee will insist that that program be followed.

Mr. GARY. Certainly there has been no attempt on the part of our committee to tell the Post Office Department that, but we have said where this cost is going up by leaps and bounds, we think it should be scrutinized very carefully.

Mr. HARRIS. I agree with the gentleman, but I think in these small communities you should not take action that would defer them or result in stopping the program to provide adequate facilities for these small communities which are entitled to them as much as the larger communities.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, my purpose is to learn, if possible, from whoever is in charge of this bill, just who is running the Post Office Department. Some weeks ago we were told by the press that Mr. Day, our Postmaster General intended to run the Department as he wished notwithstand-

ing anything Congress might do. That is all right with me, but I doubt that he ever was discourteous or intended to disregard Congress for he like other Cabinet members depends to some extent upon the Congress for appropriations. This morning a letter came in from the Sturgis Journal, a newspaper that prints a fine conservative publication. Three years ago the Journal, which gives much daily news and sound, constructive editorials, put more boxes around on a rural route, running out of, Burr Oak, St. Joseph County, Mich. For 3 years there has not been any trouble, everyone was satisfied, all the people on the route, the newspaper, which owned and placed the boxes with the Department's approval. But along comes this mail carrier, Martin Maystead, the rural carrier on that route, and he now says—and that is since the change in administration—he does not like the location of those boxes and he wants them all moved. Whether he wants them all in one place and nearer the post office, I do not know. Maybe he wants to establish a New Frontier all his own.

I notice the gentle lady from New York [Mrs. ST. GEORGE], who is a member of the Committee on Post Office, is present. May I ask her, Does the carrier have that authority, or is that authority downtown or with a regional office?

Mrs. ST. GEORGE. I do not think the carrier has the authority, but he might have; there is no way of telling. Things are very fluid right now.

Mr. HOFFMAN of Michigan. Apparently he is a supporter of the New Frontier.

Mrs. ST. GEORGE. Then he probably has the right.

Mr. HOFFMAN of Michigan. Perhaps this is not a fair question, but should the boxes be moved nearer the road or back a little further?

Mrs. ST. GEORGE. Oh, definitely nearer the road.

Mr. HOFFMAN of Michigan. Nearer the road?

Mrs. ST. GEORGE. Yes.

Mr. HOFFMAN of Michigan. And closer together?

Mrs. ST. GEORGE. Possibly, yes.

Mr. HOFFMAN of Michigan. So the route will be shorter.

Mrs. ST. GEORGE. That is right; that is very important.

Mr. HOFFMAN of Michigan. I certainly thank the gentle lady from New York.

Mr. Chairman, I shall certainly pass that information along to the paper and I hope they will take it on to the carrier, because he has the idea that he is running the Post Office Department, at least in his territory.

The Clerk read as follows:

This title may be cited as the "Post Office Department Appropriation Act, 1962".

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I want to take a minute to ask the chairman of the subcommittee about the trust funds as shown on page 17 of the report. Who author-

izes payment of this money from the trust funds?

Mr. GARY. They are permanent appropriations authorized by the Congress.

Mr. GROSS. Not by the Committee on Foreign Affairs or any other legislative committee?

Mr. GARY. No. They are authorized by the Congress and are payable in accordance with direct legislation enacted by the Congress.

Mr. GROSS. I thank the gentleman. The Clerk concluded the reading of the bill.

Mr. GARY. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5954) making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1962, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. GARY. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

AREA REDEVELOPMENT ACT

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 237 and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas. After general debate, which shall be confined to the bill and continue not to exceed three hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider, without the intervention of any point of order, the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may

have been adopted and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. Brown], and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 237 provides for the consideration of S. 1 as amended, a bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas. The resolution provides for an open rule, waiving points of order, with 3 hours of general debate.

S. 1 as amended would provide a coordinated attack on the basic economic problems confronting those areas with persistent and substantial unemployment. While it would rely on local initiative and the efforts of private enterprise, it would enable the Federal Government to play its proper role and meet its responsibilities in this field. Technical assistance and guidance would be made available along with financial aid, primarily in the form of loans to implement local economic programs.

The principle of Federal action to relieve unemployment in areas of persistent and substantial labor surplus has been endorsed in the platforms of both parties. It has also received wide support from labor, industry, municipal, and private citizen groups.

S. 1, as amended and reported out by the House Committee on Banking and Currency, contains a number of safeguards to insure both that the assistance will produce a real measure of relief to the areas in need and that it will do this without detriment to any other community. Naturally, wise administration is essential and it is believed this is best cared for by placing responsibility for the program in a Cabinet rank officer and at the same time establishing a high-level Government official in the Department of Commerce to perform such functions as the Secretary may assign to him in carrying out the program.

To conserve the funds for their most urgent uses the bill provides that no loan may be made unless funds are not otherwise available from other sources on reasonable terms. To make certain that the assistance given under this program will not result in dislocations in other areas, the Banking and Currency Committee amendment carries a flat prohibition against the use of any funds for the transfer of business establishments from one area to another.

The purpose of the legislation is to make a net expansion of job opportunities and not to "pirate" industries from other locations.

Mr. Speaker, I urge the adoption of House Resolution 237.

BACKGROUND AND SUMMARY OF S. 1, THE AREA REDEVELOPMENT BILL

S. 1 is designed to establish a new program to meet the problem of chronic

localized unemployment. It will do this through Federal technical assistance, financial aid, and occupational retraining assistance.

Background of the bill: Proposals for area redevelopment along the lines of the present bill have been before the Congress for over a decade. On two occasions bills have passed both Houses. In 1958 an area redevelopment bill was passed but was pocket vetoed. In 1960 another bill (S. 722) was passed but also was vetoed. The Senate failed to override. In spite of this, the principle of Federal aid to chronically depressed areas has been endorsed in the platform of both parties.

The committee amendment to S. 1 represents generally the administration views. It was introduced by Chairman SPENCE of the Committee on Banking and Currency, at the request of the President and reported out of the Committee with amendments by a vote of 20 to 6.

Need for this program: Many communities suffer heavy unemployment even when the overall economy is prosperous. The general reasons are technological advances by which machines replace manpower; changes in demand which make existing plants and skills obsolete, and depletion of resources such as timber, coal, and ore. In addition, the rapid advances in farm technology, combined with historical conditions which have created many small uneconomical farms, have resulted in serious unemployment, underemployment, and poverty in many rural areas.

As a result of these conditions, 20 major labor market areas and 83 smaller areas would be eligible for the assistance provided in S. 1 under the mandatory designation provision. In addition, many other areas, particularly rural places, would be eligible under the guidelines established by the bill.

Experience has shown that local efforts by themselves, however vigorous and imaginative, cannot do the whole job of redeveloping these communities. Local resources, both public and private, become depleted under the pressure of heavy persistent unemployment, and outside credit aid is not available in adequate volume to finance redevelopment. The bill would provide this assistance along with technical aid, loans and grants for public facilities, and occupational retraining benefits.

MAJOR PROVISIONS OF THE BILL

Responsibility for the program would be placed in the Secretary of Commerce, though he would be directed to use existing Government agencies and facilities, such as the Small Business Administration and the housing agencies, wherever possible. An Area Redevelopment Administrator would be established in the Department of Commerce to give his whole time and attention to the program, carrying out whatever duties are assigned to him by the Secretary.

A prerequisite for aid under the bill is an overall economic redevelopment program which meets the approval of the Secretary. This program will analyze the community's economic problem, determine whether or not redevelopment is feasible, and, if it is, indicate the steps

that should be taken to achieve it. To enable the Secretary to provide technical assistance for these programs and for other studies aimed at preventing or alleviating any unemployment, the bill authorizes annual appropriations of \$4.5 million.

In order to carry out the recommendation of the economic plan, Federal loan funds are provided in case adequate private financing is not available. This would take the form of liberal loans for industrial expansion. These loans could be used for the acquisition and development of land, the construction of industrial or commercial buildings, and in exceptional cases for the purchase of machinery. Such loans could not exceed 65 percent of the total cost of the project with the balance to be met by the community or local redevelopment organization and by private lenders. The maximum term would be 25 years with a possible extension for another 10 years. The interest rate is based on a formula which currently produces a rate of 4 3/8 percent. The bill authorizes for appropriation \$100 million for each of two revolving funds—one to be used for loans in industrial areas and the other for rural areas.

These loans can be used to rehabilitate existing plants or provide for the expansion of plants either in the locality or from outside the area. However, the bill explicitly states that none of this financial aid is to be used to help any firm to relocate, totally or partially, from one area to another.

A prime need in many communities is the improvement or expansion of community facilities. Adequate sewer and waterworks and other public investment is essential to modern industry. Many communities faced with the burden of chronic heavy unemployment have found their revenue reduced while at the same time their outlays for relief have increased. As a result, they are unable to finance the necessary public works by themselves. To meet this need the bill authorizes \$100 million for appropriation to be used for Federal loans to these communities. Such loans would have terms up to 40 years with a possible 10-year extension, and the interest rate would be computed on a formula based on the average cost of money to the Federal Government plus one-fourth of 1 percent for additional administrative costs. Currently this interest rate would be 3 1/2 percent.

In some communities the need is so great that it is not feasible to finance needed local public works entirely on the basis of loans. A subsidy is necessary to finance the project and keep rates on the utility low. For this purpose the bill authorizes the appropriation of \$75 million for partial grants for local public works. These grants could not exceed 65 percent of the net difference between the total cost of the project and the amount borrowed from any source. The community itself must raise the funds required for the other 35 percent of the difference.

The bill also makes it possible for designated communities to take advantage of the urban renewal program. While

this program is aimed primarily at clearing residential slums, there has been growing recognition of the need to eliminate blighted business areas as well. On past occasions the Congress has made available a certain portion of the urban renewal capital grant authority for these nonresidential projects. To assure that this assistance will be available to depressed communities, S. 1 provides that up to 10 percent of any future capital grant authority made available for the urban renewal program can be used for nonresidential slum clearance projects in designated depressed areas. This will make it possible for these communities to provide industrial sites and at the same time bolster their tax bases. In addition, the bill makes the urban planning grant program available to communities designated as eligible under this bill.

While many workers in these areas are skilled, their abilities are no longer in demand. Such workers as well as untrained workers require occupational training if they are to find adequate employment. Therefore the bill authorizes annual appropriations of \$4.5 million to assist the State vocational training programs. Because in many States workers undergoing training are not eligible for unemployment compensation, the bill authorizes annual appropriations of \$10 million to make subsistence payments for periods up to 16 weeks.

Finally, the bill makes permanent the authority of the Small Business Administration to make loans to State and local development companies for plant construction, conversion, and expansion. Under present law this authority will expire on June 30 of this year.

Altogether this bill authorizes appropriations totaling \$394 million. Of this, \$300 million is for loans repayable with interest. Considered in perspective, this is a relatively small amount to do a large and vitally important job. For example, it is less than half of 1 percent of our total Federal budget. However, this bill will make a vital contribution by providing concentrated and comprehensive attention to the problems of areas which suffer chronic unemployment and, in the long run, will benefit the entire Nation.

(Mr. BOLLING asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, I yield myself such time as I may require.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, as the gentleman from Missouri has explained, this rule, which is an open rule and provides for 3 hours of general debate, makes in order, the consideration of the bill S. 1, the so-called depressed areas bill.

It provides that the committee amendments shall be considered as an original bill, which, of course, will permit the offering of a substitute at the proper time and place. The rule also provides for one motion to recommit, reserved to the minority, either with or without instructions. I would like to take just a minute or two, if I may, to discuss this

legislation because we had rather extensive hearings on it before the Committee on Rules.

First of all, I want to congratulate, if I may, the House Committee on Banking and Currency for bringing out what all of us on the Committee on Rules seemingly agreed is the best bill of this type that has been presented in the Congress. This bill is a much better measure than that which has been approved in another body, that is, the original bill, the amendments to S. 1, because S. 1, you will find, while it has the title of the Senate bill contains none of the provisions of the Senate original bill, which has all been rewritten and the amendment is being considered as the original bill.

One of the things I am very happy about in connection with this legislation is the fact that it does not provide for backdoor spending nor the backdoor approach to the Federal Treasury, but requires all funds to be spent under this legislation, should it be enacted into law, shall be appropriated by the Congress after due hearings before the Committee on Appropriations. It also eliminates a number of other bad provisions in that measure, and yet even as much improved as the bill is, I believe it goes too far in many instances and is certainly so distorted, if I can use that word, that the meaning of it is unclear in certain sections and certain provisions, and it confers entirely too much power on some unknown individual who is designated as the administrator. Who he may be, no one knows. What his thinking may be on some of the matters that may come under his jurisdiction seemingly no one knew or could understand. So there will be a substitute bill offered. This committee amendment, the same as the Senate bill, provides for an expenditure of \$394,500,000 over a period of time, I think, to run up to 1963, if I remember correctly, supposedly a terminal date and yet with no exact terminal date for the working up of this program, as I could understand this measure. Instead, it provides for certain new approaches to what we might call chronic unemployment that have never been thought of before. I want to call your attention, if I may, to section 5(b). No one could explain just what it meant or what could happen or what might be decided under it. We were advised by the proponents of the bill that the Secretary of Agriculture, because it deals with rural districts, did not know what section 5(b) meant or how it might be administered. The Secretary of Labor knew nothing about it.

The Secretary of Commerce said he could not explain it, did not understand it, yet under that provision we embark upon some sort of program just as thin as the air. It is some sort of program to take care of unemployment and depressed areas out in the rural sections of the country; and it was admitted that every rural area in the United States can be declared a depressed area and come in and get funds.

Another provision opens the door to all sorts of Federal contributions under this particular program for the construction of community facilities such

as antipollution programs, water treatment plants, sewage disposal plants, and such things, although we have special acts and laws set up for that purpose. They could even go so far under this bill as to construct public schools under the depressed areas section of the bill, as community facilities.

Then there is no clear definition and no clear alinement. They say very frankly to us that what may be a depressed area or area of unemployment changes from day to day; and I can understand there may be some changes, of course. But I have looked this over rather carefully and I suggest that you look at page 18 of the report on this act. I understand this list has been changed very materially, so we were advised by some of the proponents of the bill.

Seemingly some of these rather abstract and peculiar provisions of this bill have been left to the Administrator to decide, whether a community can qualify for aid as a distressed area, one of unemployment, or underemployment as the case may be, whether or not this district or that district, or this State or that State will qualify or will not qualify.

And I just want to mention this, to you, if I may, because I have been here quite a long time and have seen politics in their practical application, and from my experience I have observed that no law is better than the person who administers it. I am fearful that in this bill if it is adopted and approved, we are delegating to one man, some unknown administrator, all the powers and authority of Congress, almost, to decide as to what are actual distressed areas or depressed areas, and the need for these plants, these industries, the retraining of workers, just whatever he may decide in his discretion whether all of the rural counties in your State shall be declared distressed and depressed areas, or none of them. Also, I think you and I can understand from the practical point of view that it may be necessary to send quite a number of experts out of Washington to check these particular areas at different times and perhaps to check them for a long time to see just what areas may qualify and what should be done. It leaves the door open, of course, for building a very, very efficient and a very, very effective political machine should the Administrator be of the type or the mind that might like to engage in just a little bit of politicking along with his other public duties.

Somehow or other, in my opinion, if this legislation is to be enacted—and, of course, there is a realization in the minds of all of us, there is a certain realization, that there are some problems in depressed areas where there has been unemployment and no employment, that have existed for a long, long time.

Somehow or other this measure has to be tightened up. It should be made a proper kind of a bill with every possible safeguard thrown about it or else it should be defeated. That will be the issue you will have confronting you when it comes time to consider a substitute that will be offered by the minority on the Committee on Banking and Cur-

rency, or when the bill comes to final passage.

This measure is an embarkation, if we can call it that, upon an entirely new theory as to the Federal Government's responsibility, an embarkation, if you please, upon an entirely new program. While they talk about terminal dates and the possible ending of the program, it will probably be like many other of these spending programs that have come to us through the years, it will be with us for many, many years to come. If we are going to do this with the Federal Government now owing more than \$290 billion, with the report coming to us from downtown that the White House will soon send us a message asking the Congress to increase the national debt limit again so that at least \$10 billion more may be borrowed for our children and grandchildren to pay off in the future, we should look at this measure closely. We should scrutinize it carefully. If we are going to do a thing like this we should do it in the safest, most practical, sound way that we possibly can. I hope that careful attention will be given to the debate, as the sponsors, the proponents and opponents to this legislation, those who believe this bill should be changed so that it can be enacted into law, perhaps those who may oppose it entirely, will present their views. We should listen to those views because this is a very, very important piece of legislation upon which we are starting consideration at this time.

Mr. Speaker, I yield 5 minutes to the gentlewoman from New York [Mrs. ST. GEORGE].

(Mrs. ST. GEORGE asked and was given permission to revise and extend her remarks.)

Mrs. ST. GEORGE. Mr. Speaker, it has been well said that this bill, S. 1, comes before us in far better shape than the bill that was passed last year. First of all, the bill makes the clause on piracy much stronger. This is in many ways a good thing, although at the same time it gives very great and possibly dangerous powers to the Administrator. There is also no back-door spending in the House bill. It does appear in the Senate bill.

Another thing is that this matter has been put in the hands of, and under, the Department of Commerce, which was requested by President Eisenhower, I believe, in his veto message. So that it is on the whole a better bill; nevertheless, it is open to some quite serious criticism, it seems to me. It needs to be tightened up in many respects.

The amount of spending, \$394 million, is to all intents and purposes quite modest. If you will turn to page 18 of the report you will find that under "major areas" there is a total of 28 such areas, under "smaller areas" there is a total of 83 areas, which makes a grand total of 103. At the questioning it came out that the witness was constantly speaking about 101 areas. In answer to my question I pointed out I could obtain only 103, not 101. I was told there had been a change since the report had been written and that at the present time there are 101 major areas. I am tell-

ing this merely to show how necessary it is to look into this bill and to tighten it up wherever possible.

There is an awfully big difference, I submit to you, between 20 major areas and 101. That is just one of the things that is typical of this legislation.

Now, it is also true that if we are to give \$394 million and divide it and spread it all over these areas and all over this country, especially over the rural areas that are very ill defined in this bill—in fact, they are not defined at all—we are going to have a great many very disillusioned citizens because no one is going to get enough to satisfy them in any way.

In walking through the Speaker's lobby you can see a great many maps of just one of our States, West Virginia. And, I submit to you that \$394 million will not go very far even in that one State if things are as bad as we are told. Therefore, a number of rural areas should be looked over also with great care; otherwise, as has been well said here on the floor, it might be that entire States would be turned over as depressed areas.

Now, in the minority views of the gentlewoman from New Jersey [Mrs. DWYER], she has this to say, and I think it is well said and very much to the point:

To that end we favor discharge by Government of responsibility for those activities which the private sector cannot do or cannot so well do, such as constructive Federal-local action to aid areas of chronic high unemployment.

She then says:

The committee bill fails to meet the test of "constructive Federal-local action" because it tries to do too much for too many areas—thus the assistance it provides would tend to be dissipated.

And, I submit, Mr. Speaker, that that is true and that that is a very serious disadvantage in this legislation.

I was also very much interested to see another thing that has been said by a gentleman who happens to be one of my constituents, Mr. Hans Christian Sonne, head of the National Planning Association. Mr. Sonne was born in Denmark and brought up in England. Both of these countries, I submit, are further along in welfare programs than the United States is today. Mr. Sonne points to the fact that we may be in very, very real danger. He says:

An effective depressed areas program must contribute to an increase in total production and total employment, not merely to a shift of production and employment from one area to another. We are seeking a program to help depressed areas participate in national economic growth and well-being, not to distribute the distress more evenly throughout the economy.

The possibility of "disturbing the distress more evenly throughout the economy" is precisely what disturbs him about the standards in S. 1 as reported.

I think it is a very valid criticism and I think it is one that we must take cognizance of. If we will do this and if we will tighten the bill up—and we have an opportunity of doing it in the substitute that is to be offered—I think

we may have a sound piece of legislation. I still think the overall amount is too small, unless it is brought into a much smaller radius, to be very effective.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MEADER].

(Mr. MEADER asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. MEADER. Mr. Speaker, the way to get a bill passed is to give it an attractive label.

That is why we have bills like unemployment compensation, aid to children of the unemployed, minimum wage, medical care for the aged, and now the depressed areas bill.

There should be a rule prohibiting misbranding of bills.

No one wants to oppose a bill to assist chronically depressed areas. We all are sympathetic to their plight and their problems. But, should they be exploited to promote socialism—which actually will harm instead of helping them and at the same time introduce turmoil, uncertainty, and politics into our whole business community?

This bill should be relabeled. Under rule XIX of the House Rules you cannot amend the title of a bill until the bill is passed, but this bill should be called a bill to socialize the American economy by Federal intrusion into the equity end of business enterprises; to assist in pirating the same through politics; by nationalizing the municipal bond market, and for other socialistic purposes.

This bill is an unkind fraud on the downtrodden and the charity-minded.

It will bring untold added misery to areas already miserable and impede the march of a dynamic free economy—the genius and guiding principle of the American dream.

It is a half-baked excursion into unsophisticated socialism.

The only beneficiary of this proposal will be the fly-by-night operator—the medicine man—the scalawag who has all but vanished—harried by State blue-sky laws and the Federal Securities and Exchange Commission.

The Federal Government—that is, all the people of the United States through their tax contributions—and civic-minded local citizens impressed by the backing of the Federal Government will be the victims of this marginal entrepreneur who risks little of his own—5 percent of total cost. If the business should succeed, the entrepreneur will reap the benefit. If it fails—as is most likely since available private capital shied away—the entrepreneur will milk the business as long as he can get away with it and then depart with his loot, leaving the area worse off than when he arrived.

Where will the Federal Government recruit the wizards of industry to make a marginal or submarginal enterprise flourish? Have past bureaucratic performances demonstrated that the Government can attract talent with the imagination and enterprise even to make an essentially sound business succeed? How can it expect to enlist the genius to manage a business which is basically un-

sound, or at the best marginal, or sub-marginal?

Mr. Speaker, on August 1, 1958, a similar proposal was brought before this House of Representatives, the so-called community facilities bill, another experiment in socialism. And I might say to you that I believe many of these socialistic experiments originate in the think machine of the UAW-CIO.

Mr. Speaker, the House on that day, using good judgment, defeated the rule for the consideration of the community facilities bill by a vote of 173 for the rule to 187 opposed to it. You will find the rollcall on page 15874 of the CONGRESSIONAL RECORD of August 1, 1958.

Mr. Speaker, there are two areas in Michigan listed as depressed areas located in my congressional district. This morning I received from the city of Monroe, Mich., one of the areas, a letter signed by the president of the chamber of commerce and four other gentlemen from the city of Monroe asking me to oppose this legislation. The letter is as follows:

GREATER MONROE
CHAMBER OF COMMERCE,
Monroe, Mich., March 27, 1961.

HON. GEORGE MEADER,
Representative from Michigan,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN MEADER: The board of directors of the Greater Monroe Chamber of Commerce, meeting in special session on March 24, 1961, went on record as opposing S. 1 (Douglas area redevelopment bill) for the following reasons:

1. The bill would only relocate unemployment;
2. It would provide some industries with unfair, Government-created advantages over their competitors at the expense of the already overburdened American taxpayer;
3. It does not recognize the basic causes of depressed area problems, which are not a lack of plant sites, buildings, and community facilities. The real reasons we have unemployment cover a much broader area than that which can be solved by the use of Federal funds; and
4. The bill would do a grave injustice to communities which have, through their own efforts, maintained a good employment record.

We believe that the solution to the unemployment problem lies in independent local action spearheaded by local leadership.

We respectfully request, therefore, that you vote in opposition to the passage of this bill.

Very truly yours,
GREATER MONROE CHAMBER OF
COMMERCE,
WALTER G. HAESSLER, President.
WARREN W. GRUBER, Immediate Past President.
WARREN M. PELLOT, Treasurer.
JAMES E. RAU, Secretary to Board of Directors.
RICHARD D. MCHENRY, Manager.

I do not believe we ought to undertake to consider this measure. I say to those who want to get away for an Easter vacation, rather than being put under the gun for the consideration of this bill, if they want to get their vacation started a little earlier, just vote down the rule.

Mr. Speaker, under leave to extend my remarks, I also include an editorial

from the Jackson Citizen Patriot, Jackson, Mich., of Sunday, March 19, 1961:

WHO'S DEPRESSED?

It's always been fun to play Robin Hood, and the new peachfuzz and gray flannel set in Washington seems out to do it with a vengeance.

Their version, of course, is taking from the prosperous sections of the Nation and giving to the poorer areas. They call this aid to depressed areas and duck the fact that the logic involved is at loggerheads with everything that built America.

But apparently some of the folk the young men in Washington want to help still nurse something called pride, obviously a stumbling block for the let-George-do-it-for-you lads.

Senator PAUL DOUGLAS, that intrepid economist-turned-Congressman from Illinois, is author of the bill.

In it, he described as a "depressed area" Marion County, Ill. It's not hard to wring out a few tears for the poor hapless of Marion County, waiting patiently in long drab lines for handouts of cold, thin soup.

Only trouble is that the folks in Marion apparently haven't heard about this hard luck.

The daily newspaper in Marion posts this list of indications of a nondepressed situation:

Bank deposits of personal accounts are more than a half million dollars higher than they were on January 1. Local utilities are bustling into a \$6 million expansion program. A new Federal prison, costing \$10 million, is going up.

Residents of the area in January purchased \$215,000 in saving bonds. One of the most important industries is expanding its plant. The local hospital just got a new roof.

Another industry is building a \$400,000 warehouse. The bank just doubled the size of its building, two new office buildings are being constructed, two finance companies have moved to larger quarters and the Presbyterian Church has announced plans for a new building.

Postal service has been expanded into growing suburban areas.

The amount the people spent on purchase of Federal savings bonds in a month was larger than the amount they could expect to receive in Federal aid from the Douglas bill in 3 years.

What do you do for people like this? What sort of American is it who asks not for whom the dole tolls, but instead asks for help in keeping bureaucracy off his neck?

He obviously poses big problems for the legislators with the social worker hearts.

But then, shucks, those guys in Washington are always reminding us that we're out of step with the rest of the country, we fuddyduddy Midwesterners. Why can't we just shut up and let Sam do it?

If there is anyone left in America who doesn't want to plop his freedom on his head like an apple and let the Ivy League-trained archers take potshots at it with their fuzzy arrows, let him keep his peace. After all, time must march on.

Mr. BROWN. Mr. Speaker, I yield the remaining time on this side to the gentleman from New Jersey [Mr. WIDNALL], a member of the committee.

Mr. WIDNALL. Mr. Speaker, some Members of the House may think that I speciously offered a substitute bill in connection with area redevelopment. This is certainly false. May I say this about my own district? I do not think it makes any difference in votes to me whether I am for or against area redevelopment. I do believe there is a specific problem in the United States to-

ward which we can address our attention, toward which we should make some positive progress and toward which there should be a contribution by the American people as a whole. Because of that feeling, in the last Congress I supported a bill that was sponsored by the administration; now I have introduced a bill which will be offered as a substitute bill when we are in the Committee of the Whole, that will attempt to use the best that has come out of the subcommittee and the committee, taking out those sections we feel are not right, that did not have a healthy approach toward solving the problem.

There are 15 differences between the bill that I have offered and the bill that came out of the House committee. Incidentally, the subcommittee did a fine job in considering the bill. There was intelligent work by Members on both sides of the aisle, and an attempt to reach an agreement, but there is fundamental disagreement with respect to a number of the sections.

In the designation of industrial redevelopment areas in the bill that I have offered, the authority to designate redevelopment areas contained in the first sentence of section 5(a) of the committee bill is eliminated. Under it, in the bill as reported, the Administrator can designate a whole State as a redevelopment area. Certainly if we believe that the chronically depressed areas, the ones we have talked about both in political campaigns and outside political campaigns, are to have effective support through this legislation, they should be pinned down, and pinned down to the areas that really need the help. The truly depressed areas should not have to share the benefits intended for them on any such basis as a statewide area.

In the proposed substitute bill the term "labor market area" is used in place of "areas." The Department of Labor Statistics has unemployment benefits on the basis of labor market areas. Therefore, we are using what seems to be an intelligent connotation of the area so it can be pinned down. Areas within a State can only be designated as redevelopment areas after the chief executive of the State has requested the designation be made. This preserves the States' rights in the making of such designation.

The criteria that must exist before areas can be designated as redevelopment areas are set forth. This will tend to assure that the assistance provided in the bill will be available for the hardcore depressed areas, which are the ones in greatest need.

The loans for rural areas are eliminated in the substitute bill. Why was this done? The members of the subcommittee itself and many members of the full committee, and I am sure many members of the House Committee on Rules, were not satisfied with the loose development of this section of the committee bill, with the failure to pin down programs to definite areas and to establish what can be done in rural areas. So in the substitute bill instead of \$100 million for rural development work there is \$500,000 that will be used

to research and develop a feasible program that can be pinned down and directed in a direction that will give substantial assistance to the underemployed areas.

Other differences between the bill I have introduced and the bill reported by the House Banking and Currency Committee:

First. Plant loan funds by the industrial redevelopment areas—section 6(b).

In my bill, a 50-percent increase is provided in the loan funds available for the hardcore industrial depressed areas since that program can proceed on a sensible basis.

Since it is the apparent intention of the committee bill that there be at least a 15-percent State and local equity participation in plant loans, section 6(b) (9) (C) is amended to close a loophole under which, in certain cases, only a 10-percent participation would be required.

Second. Loans for public facilities—section 7.

In place of establishing a new, duplicating public facility loan program on a subsidized basis, provision in my bill is made for expanding by \$100 million the existing public facility loan program in the housing agency with provisions for a priority for counties, cities, and other municipalities and political subdivisions in redevelopment areas. Such a program is on a nonsubsidized lending basis.

Protection is afforded against such loan funds being utilized in a manner to induce pirating of industry from other areas to redevelopment areas.

Third. Grants for public facilities:

This WPA-type program—section 8 of the reported bill—is completely eliminated from my bill on basic policy considerations as follows:

It is a foot-in-the-door start of omnibus Federal grant-in-aid legislation.

The eligibility criteria are virtually unlimited.

It could be used to foster unsound projects in that it would apply to a project for which there would be "little probability that such project can be undertaken without the assistance of a grant under this section."

Fourth. Termination of eligibility for further assistance—section 12:

Although no change is made in this section, nevertheless for the first time it would acquire real meaning because of the deletion of the broad area designation authority contained in the first sentence of section 5(a) of the bill as reported. Eligibility of an area is terminated when it no longer meets requirements for designation as a redevelopment area.

Fifth. Urban renewal—section 13.

A provision is added in my bill protecting against plant pirating in the use of this program in redevelopment areas. Somewhat similar protection was included in the bill S. 722 which was sent to the President by the last Congress.

Sixth. Occupational training—section 15.

Since this is the only help some of the unemployed in depressed areas will get out of this bill, the amount provided for occupational training in my bill has been more than doubled—increased from \$4.5 million to \$10 million.

The authorized appropriation is placed on a 1-year basis to force the coordination within that time of this new program with the existing vocational training programs of the Department of Health, Education, and Welfare.

Seventh. Retraining subsistence payments—section 16.

The amount is the same as the reported bill.

The authorized appropriation is placed on a 1-year basis to afford the Ways and Means Committee an opportunity to coordinate and possibly consolidate this program with the basic unemployment compensation program.

Recapitulation follows:

	Committee bill (S. 1 with amendments)	Widnall substitute (H. R. 5943)
Industrial areas plant loans.....	\$100,000,000	\$150,000,000
Rural areas..... ¹	100,000,000	250,000,000
Public facility loans..... ²	100,000,000	100,000,000
Public facility grants..... ³	75,000,000	-----
Technical assistance.....	4,500,000	4,500,000
Subsistence payments.....	10,000,000	10,000,000
Occupational training.....	4,500,000	10,000,000
Total cost.....	394,000,000	275,000,000

¹ Plant loans—with no guidelines as to where or how program would apply.

² Study to develop a workable program for rural areas.

³ New, duplicating program on subsidized basis (3½-percent interest rate).

⁴ Added authority to existing HIFA program with a priority for redevelopment areas. Loans not on subsidized basis (4½-percent interest rate).

⁵ WPA-type program—wide-open eligibility including schools.

The substitute bill should be seriously considered and adopted when offered in the Committee of the Whole.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. BOLLING. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. MARSHALL].

(Mr. MARSHALL asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. MARSHALL. Mr. Speaker, the people who live in the towns and village of the Cuyuna Range in my district are greatly interested in the legislation before us today.

This area has suffered substantial and persistent unemployment and these communities are suffering real hardship. Unemployment has reached almost 13 percent of the available working force. According to the report of the Committee on Banking and Currency, this is one of the areas that meets the criteria for mandatory designation as a redevelopment area under the bill.

In this area, iron ore mining constitutes a major source of direct employment and income and provides an important basis for secondary employment in transportation, construction, and various services. Because of the geographic concentration of the industry in counties like Aitkin and Crow Wing, any change in manpower requirements is intensified within the counties rather than absorbed in the rest of the State's economy.

The committee has implied that the success of this bill will depend in large measure upon local initiative and local

cooperation. I can assure the House, Mr. Chairman, that the people of the Cuyuna Range are prepared to assume their share of the responsibility for a constructive and coordinated attack on their own economic problems. With the assistance contemplated in this bill, they should have an opportunity to undertake programs to develop diversified industries which can stabilize the local economy.

The communities concerned have themselves given a great deal of study and thought to their own problems. A Cuyuna Range Distressed Areas Committee was formed to develop all of the pertinent facts. This committee prepared for us a comprehensive report of economic conditions on the range and the potentials for improvement. Each conclusion was carefully documented by local sources.

Mr. Speaker, under unanimous consent I insert the summary of this report be included in the RECORD since it states in a clear and concise manner the case for Federal cooperation in this vital area. The documentary material which supports this summary has been included in the hearings on the bill:

REPORT OF CUYUNA RANGE DISTRESSED AREA COMMITTEE

PURPOSE OF COMMITTEE

To bring the facts concerning the present and probably future economic conditions of the Cuyuna Range before the Congress of the United States so a determination may be made as to whether the area will be eligible for aid under the provisions of Federal legislation.

PERSONNEL OF COMMITTEE

Robert R. Alderman, chairman, Brainerd attorney.

Howard Smith, vice chairman, Crosby merchant.

Harold Nyberg, Crosby miner.

Harvey Manning, Crosby merchant.

Fred Ferguson, District coordinator, State unemployment.

Frank Murphy, Crosby attorney.

Verner Anderson, Brainerd Chamber of Commerce, executive secretary.

Walter Hasskamp, Crosby miner.

Einer Anderson, County auditor.

Dick Lee, Crosby banker.

John Burgstaler, Crosby bulk oil dealer.

William Graham, First Federal Savings and Loan of Brainerd.

H. V. Johnson, Crosby merchant.

Gene Foote, Crosby realtor.

ECONOMIC HISTORY OF CUYUNA RANGE

The villages and towns within the area known as the Cuyuna Range were conceived when the mining companies began removing iron ore from the ground. Their continuing existence to date is solely because ore has been mined. There are no other industries in the area. For all practical purposes, there is no farming and cannot be because the soil is inadequate. While there are some lakes in the area, they are largely unsuitable for resort purposes.

With the advent of taconite and the use of high grade foreign ores in the middle fifties, mining operations on the Cuyuna Range have steadily decreased.

FINDINGS OF THE COMMITTEE

The committee has attempted to objectively determine the present economic condition of the area and what may be expected to develop in the future. These findings are based on actual surveys, interviews with people who can best advise on specific fields of endeavor, and undisputed facts.

(a) *Present and future employment at the mines*

To set a base for what constitutes "normal" as far as mining operations are concerned, the years 1952 through 1957 were used. The postwar boom had ended and the Nation's economy was generally stable.

For the past 3 years the output of ore tonnage has been approximately 50 percent of normal and the estimate of what 1961 will be is less than 33½ percent. Overburden removal will be 29 percent of normal.

The result will be that less than 50 percent of the families directly dependent on employment at the mines will not be called back to work. Those called back will work 3- and 4-day weeks. The total man-hours to be worked will be less than 36 percent of normal. There are strong indications that the estimated tonnage removal will be even less than what we estimate because even as this report is being completed, Pickands Mather, one of the large Cuyuna operators, announced the closing of Michigan underground mines.

All of the companies have drastically reduced or transferred their office, engineering, and management personnel. The usual preparatory winter work such as drilling and removal of overburden is nonexistent.

Unemployment is widespread, with approximately 13 percent of the available labor force working. Because of high average age of this labor force and because unemployment in Brainerd and other nearby towns is high, other employment in other areas is extremely difficult to attain.

Records of the Minnesota Department of Employment Security reflect that unemployment claims of workers in the Iron-ton and Aitkin offices (which service most Cuyuna Range workers) are increasing rapidly and will go even higher. Also, there will be a large increase in exhaustion of the amount available to the workers.

Funds available to supplement unemployment compensation, which the union administrators, comes from the mining companies at the rate of 3 cents per man-hour.

This fund is rapidly dwindling so that within another month little or nothing will be available. Obviously, the fund cannot be replenished until work is available. This, coupled with the fact that unemployment compensation paid by reason of the large layoffs of July and August of 1960 will be exhausted early in 1961, means that many miners will be without funds of any kind.

As a result of this, the county welfare board is girding itself for a tremendous number of new claims for direct relief particularly for maintenance. Mr. Buth, who is the executive secretary of welfare, has indicated that almost all of the increases given for direct relief in the last 3 years has gone to the Cuyuna Range and that there is a direct correlation between direct relief granted and number of man-hours worked on the Cuyuna Range; although he couldn't support this conclusion without a great deal of work.

(b) *Derivative effect on "Main Street"*

Retail sales (except for staples) are down as much as 60 percent from 1957 and it appears the bottom has not been reached.

Accounts receivable continue to mount and average length of time before payment and delinquencies soar. Young married men who can't get work at the mines because of lack of seniority have to be satisfied with part-time odd jobs which cannot pay enough to sustain their families. Everyone is affected.

Real estate is not selling. Because office, engineering, and administrative workers are leaving, many houses are available without takers. Lower values result.

Area lending agencies are extremely wary of making home loans (exhibit H) and short-term personal and business loans.

For the past several years, a very hard working committee backed by an eager

Cuyuna Range populace has been raising funds for a badly needed community hospital. An effort was made to qualify for funds under the Hill-Burton Act and all of the requirements were met, including local raising of funds. The application, however, has been rejected because the mining future of the area is uncertain and the mining companies have not contributed, but have taken a "wait and see" attitude.

(c) *Taxation*

Records of the Crow Wing County auditor show that in the last 8 years the percentage of taxes levied on minerals and mining property has decreased 10.9 percent. Expenses of operating the school districts, villages, and towns has increased and so the loss of mining tax revenue has increased the levy on nonmining property. This further depresses value of nonmining property and will make nonmining tax delinquencies larger.

(d) *Miscellaneous forecast*

There is no evidence that the mining companies plan to build plants which will process Cuyuna Range ore so that it can compete with taconite and high grade foreign ore. Economically, it is presently unsound to market the existing ore in normal quantities.

Unemployment will be widespread. Benefits under the unemployment compensation plan and under the union management contract will all but disappear. Businesses dependent on sales to the mining companies will not be able to operate. Retail stores will be in desperate condition. All segments of the area, which consists of over 10,000 people, will suffer.

CONCLUSIONS OF THE COMMITTEE

(a) The Cuyuna Range, consisting of roughly the easterly one-half of Crow Wing County, Minn., is presently in a perilous economic condition.

(b) That the area is a "one industry area" and the industry does not contemplate anything close to a normal year for 1961 or beyond.

(c) That the area has a large, able labor force presently unemployed.

(d) That the area is suitable for new industry.

(e) That Federal aid is of vital necessity at this time and for the foreseeable future.

Respectfully submitted.

CUYUNA RANGE DISTRESSED AREA COMMITTEE,

ROBERT R. ALDERMAN, *Chairman*.
HOWARD SMITH, *Vice Chairman*.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following resignation from a committee:

MARCH 28, 1961.

HON. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby submit my resignation as a member of the Committee on Interstate and Foreign Commerce.

I consider it a special privilege to have served on this committee and will always follow with interest the contribution its members make to the legislative history of this and succeeding Congresses.

Sincerely yours,

WILLIAM H. AVERY.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

ELECTION TO COMMITTEES

Mr. HALLECK. Mr. Speaker, I offer a privileged resolution (H. Res. 239) and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That the following-named Members be, and they are hereby, elected members of the following standing committees of the House of Representatives:

Committee on Interstate and Foreign Commerce: PETER H. DOMINICK, Colorado.

Committee on Rules: WILLIAM H. AVERY, Kansas.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HOOR OF MEETING ON MARCH 29

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AREA REDEVELOPMENT ACT

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment in certain economically distressed areas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1), with Mr. Boggs in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. PATMAN] will be recognized for 1½ hours and the gentleman from New York [Mr. KILBURN] will be recognized for 1½ hours.

The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, we have before us S. 1 with a committee amendment. This bill is designed to meet the problems facing communities which have suffered heavy and chronic unemployment. It provides for technical assistance and financial aids mainly in the form of loans from the Federal Government. This bill is truly a bipartisan bill in this, that the members of Subcommittee No. 2 of the Committee on Banking and Currency, held hearings for more than 2 weeks on this bill. Every member of that committee participated actively in questioning each and every witness. All the members participated in the writing and rewriting of this bill. The members of the minority party were very helpful in suggesting constructive amendments to this particular bill, and we accepted a number of amendments that were rec-

commended by the minority members. They were good amendments and helped the bill. I feel this bill is really a bipartisan bill because the members of the committee from both sides of the aisle helped in writing it and caused it to be labeled the best bill of its kind that has come before Congress. You heard the speeches made here under the rule, and Members who are violently opposed to this bill admit it is the best bill of its kind that has been before the Congress. They all admit that the anti-piracy provisions are as near perfect as it is possible to write them, and particularly in writing these provisions of the bill, we had the constructive help, assistance and guidance of the minority members for which we are grateful.

Let me say at the outset, this bill by itself is not intended to solve all of our problems. The primary reliance is still on private enterprise and local initiative. The purpose is to create conditions in which private industry will prosper. This bill will simply enable the Federal Government to meet its responsibilities toward these places and the people there who suffer from unemployment and underemployment.

Also, this bill is not primarily an anti-recession measure. It is aimed at the depression conditions which exist in certain communities in good times and in bad.

This bill, if passed and administered properly, and it is as effective as we expect it to be, will probably render unnecessary the passage later of a public works bill. If we do not do something now to stop these pockets of unemployment and underemployment we are going to have such a clamor for a general public works bill that Congress will be compelled to pass it. The step we are taking here will probably render unnecessary—we hope it will—the passage of a general public works bill.

And may I invite your attention to the fact that in this bill the localities, cities, and States having industry now are protected in that we have adequate anti-piracy provisions in this bill. But if you were to have a general public works bill there would be no anti-piracy provisions; it would be a question of catch as catch can.

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. HIESTAND. I would like to ask the distinguished chairman of the subcommittee if in the deliberations of the committee on this bill there was any discussion or study or report on the causes of the depression in these areas?

Mr. PATMAN. Yes; most of our hearings were directed to the question the gentleman raises.

Mr. HIESTAND. Can the gentleman refer me to them?

Mr. PATMAN. Yes. I think you will find them in the hearings which are printed and available now.

Mr. HIESTAND. But not in the report?

Mr. PATMAN. Not in the report, but you will find the testimony in the hearings of all the witnesses. This subject was gone into rather fully.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. REUSS. I would call the attention of the gentleman from California [Mr. HIESTAND] to the sections of the report on pages 9 and 10 which are entitled "Causes of Localized Chronic Unemployment," and summarize some of the specifics. I think the gentleman will find it will constitute an answer to his question.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I would like to say to the gentleman that under the last five Presidents there have been special commissions appointed by the President; there have been committees of Congress, there have been special committees of each of the two houses of Congress over a period of many years. There is in Washington today a vast library of the most complete, the most analytical, the most statistical and diagrammatic information imaginable on the basic, fundamental causes of these unfortunate economic tendencies.

Mr. PATMAN. I thank the gentleman.

Assistance provided by this bill is aimed at creating a net increase in employment and production. The bill explicitly states that none of the plant loans which would be provided are to be used to transfer jobs from one place to another. The idea is to enable communities which now have basic economic problems to share in our rising standard of living and our general uptrend in production and employment. Every year between \$30 and \$40 billion is invested in new plant and equipment by American business firms. On the average, about \$7 billion of this is for new plants in new locations and create new jobs. With the technical assistance and the modest amount of financial aid in this bill, these hard-hit areas of substantial and persistent unemployment will be able to share fully in that tremendous flow of investment.

The program embodied in S. 1 is not a novel idea. Bills of similar intent and with generally similar provisions have been before the Congress for more than a decade. In fact, area redevelopment bills have passed both House of Congress on two occasions. In 1958, an area redevelopment bill was sent to the President but met with a pocket veto. Just last year, another bill passed the Congress but it too was vetoed. In spite of this, it should be kept in mind that the principle of area redevelopment legislation has been endorsed by the platforms of both parties. While there have been differences on the dollar amounts involved, there is no question on either side of the Aisle that this is a serious problem and one which needs and deserves Federal attention.

The bill now before us embodies the administration's views on this subject. It is substantially identical with the bill, H.R. 4659, introduced by the distinguished Chairman of the Committee on Banking and Currency, the Honorable Brent Spence. The bill, with some amend-

ments adopted in the Committee, was reported by an overwhelming vote of 20 to 6.

It is indeed pleasing that now at last we can expect that an area redevelopment bill will become law and the program will get underway. The delays of the past have cost us dearly both in a cold dollars and cents calculation of the cost of unemployment compensation and relief payments and in terms of the much greater cost of human suffering and the waste of our resources. Over the years, the need for this legislation has increased. Many of the areas which would benefit have suffered unemployment and underemployment for more than a decade. We have in the past witnessed dramatic changes in our economy and those changes are still occurring today. In fact, they are a permanent feature of our economy.

I do not believe that there is any need to go into an analysis of the economic changes which give rise to this problem. They have been spelled out in thousands of pages of testimony before congressional committees and they are summarized in our own committee report. Moreover, they have been directly experienced in the home districts of many of our colleagues here in the House today. These changes include dramatic technological improvements which have greatly increased efficiency and reduced the manpower needed in many lines of employment. We have witnessed a revolution in agriculture which has enabled us to produce record-breaking crops with only a fraction of the number of workers once used for a lower level of production. We have witnessed similar revolutions in other lines, such as coal mining. Another important cause is the shift in demand, as for example, from coal to oil and natural gas for many purposes. Just in the past decade we have seen changes in military requirements from manned aircraft to missiles which has already hit hard at a number of communities where the manufacture of aircraft had built up to high levels under the pressure of World War II and the cold war. There is also a constant migration of industry. The classic example of this is the trend that began in the 1920's in the textile industry from North to the South. A recent newspaper story quoted that between 1949 and 1957 overall employment in textiles grew by 8 percent but employment in that industry in the 14 southern States grew by 40 percent. Now we are witnessing further changes in demand, technology and location that are resulting in the closing of plants in the South.

I hope it is well understood by now that this bill will not only benefit those communities which have chronic unemployment but will help the entire Nation. Every community in our country is dependent on other communities as markets for the goods and services which they produce. Obviously, no steel-producing center or auto-manufacturing center or household-appliance center exists just to serve a local market. They exist to serve the entire Nation and they need the entire Nation to buy their products. Anything that we can do to bring these many areas of low in-

come up to the national norm will increase overall demand and make the entire Nation more prosperous. Moreover, the goods produced by areas which now have idle manpower will help to meet the needs of other communities. If we fail to help the growing number of areas which are suffering basic economic problems it might well lead to a serious slack in demand and a rise in layoffs throughout the economy. I am sure that most of my colleagues will recall how the depression conditions in agriculture served to undercut the markets of industry and was one of the factors that lead us into the great depression of the 1930's.

The need for Federal legislation to meet these problems is perfectly clear. This is not just a local problem but truly a national problem. Federal responsibility to combat unemployment was explicitly assumed in the Full Employment Act of 1946. Moreover, as I have said, both parties endorse the principle of Federal assistance to these areas. In our Nation the Federal Government cannot stand by and ignore the problems of any important segment of the economy. While it is private enterprise which must supply the jobs and the local communities which must supply the initiative, the Federal Government's role is still an important one. It can and it should supply expert advice and technical assistance to help these areas plan their own rehabilitation. It also must provide some credit and other financial assistance. It is obviously illogical to expect a community which has suffered high unemployment, and along with it the erosion of its own tax base, to finance its own redevelopment. If these redevelopment programs are to be realized, they will often need a little push through Federal financial assistance. The funds provided in this bill are in the nature of seed money. They will help to get redevelopment programs underway.

Mr. Chairman, I would like to summarize briefly the contents of this bill. S. 1 would create a new program under the Secretary of Commerce to help designated areas which suffer substantial and persistent unemployment or which have heavy concentrations of low income families and chronic underemployment.

Under S. 1, the Secretary of Commerce will designate as redevelopment areas those places which he determines have had substantial and persistent unemployment for an extended period of time. This will include those areas in which the rate of unemployment, excluding temporary or seasonal unemployment, is 6 percent or more; has exceeded the national average by 50 percent for 3 of the 4 preceding calendar years, or 75 percent for 2 of the 3 preceding years, or 100 percent for 1 of the 2 preceding years; and has averaged 6 percent or more during each of the qualifying years. The Secretary of Commerce will also designate as redevelopment areas those areas which do not meet the above requirements but which he finds are among the highest in numbers and percentages of low-income farm families and have substantial and persistent unemployment or underemployment.

According to the latest figures, 20 major labor markets and 83 smaller ones would be included in the requirement for mandatory designation. In addition, other areas, particularly rural places, would be designated according to criteria sent forth in the bill.

These latter areas, the rural places, represent a major national problem. In some of them poverty and waste of manpower has persisted for many decades. The Secretary of Agriculture, in testimony given before my subcommittee, stated that the underemployment in rural areas is equivalent to the full unemployment of 1,400,000 men. That is, if our statistics could take into account the idle time of rural workers our unemployment today instead of being 5.7 million would be 7.1 million.

Mr. Chairman, the legislation we are discussing today can have a far-reaching effect in the rural communities and small towns of this Nation.

As we all know, technological change and mechanization have had a severe impact on our farm population. In recent years, many thousands of farm families have been forced to close up their farms and move to town in search of work. Other thousands of families have come to depend almost entirely on the income earned through work off the farm in nearby factories and other enterprises. The Census Bureau informs us that there are now 3.7 million farms in the Nation, a drop of more than a million in just 5 years. Yet in 1959 nearly half of all our farmers worked parttime off their farms. And 3 out of 10 worked off their farms 100 days or more. About one-third of the income of farm people is now derived from nonfarm sources, principally jobs in local industry.

The point of all these statistics is that the growth of rural industries is of crucial importance to the Nation's farming families. Without local jobs and other nonfarm opportunities, to supplement their incomes, many thousands of farm families would be forced to sell out and join the migration to our already crowded cities.

The bill requires that an overall program for the economic development of a redevelopment area must be submitted to and approved by the Secretary of Commerce before financial assistance is made available under the bill. Any project for which financial assistance is sought must be consistent with the approved program. Appropriations of \$4.5 million a year are authorized by the bill to provide technical assistance to redevelopment areas to enable them to explore methods of expanding their industrial resources. The Secretary may also furnish such assistance to other areas which need it to alleviate or prevent excessive unemployment or underemployment.

This economic program is a vital feature of the bill. By itself it will enable many communities to attract industry by presenting a reasoned case for the potential value of the area. Also, if it is found that Federal assistance is needed, it will be a guarantee that the Federal funds will be put to a good use and not dissipated.

To help these communities get their redevelopment programs underway, the bill provides for Federal loans. These loans can be used for the acquisition of land, the construction of plant facilities and in exceptional cases, for the purchase of machinery. They can have terms up to 25 years with a possible 10-year extension. The Federal grant cannot exceed 65 percent of the total cost with the balance to come from the local government or community organization and from private lenders. The interest rate is established by a formula contained in the bill which currently works out to 4½ percent for a 20-year loan. The bill authorizes appropriation of \$200 million for these loans, \$100 million for urban areas and \$100 million for rural areas.

In addition, the bill recognizes that adequate local public facilities are essential to industrial expansion. Modern industry is highly dependent on adequate sewer and water facilities and other community works. However, many depressed areas cannot afford to expand under present conditions. In fact, they are often hard-pressed even to maintain existing facilities. Here they are caught in a vicious circle—adequate public facilities are needed for industrial expansion but the community cannot afford these facilities until the expansion takes place. To overcome this problem, the committee amendment provides for Federal loans and grants. The loans could be for the full cost of the work and would be repayable over a term of 40 years with a possible 10-year extension. The interest rate would be based on a formula which fully reflects the actual cost of money to the Federal Government, plus one-fourth of 1 percent to cover expenses of administration. This is the well-known "college housing" interest rate under which the Federal Government has already loaned \$1.6 billion. Currently it works out to 3½ percent. The bill authorizes \$100 million for appropriation for these loans. In addition, the bill authorizes Federal grants to those communities which cannot provide the local public works entirely upon a loan basis. These grants are on an approximately 2 to 1 matching basis. They can cover up to 65 percent of the net difference between the total cost of a project and the loans raised from any source to finance the project. The bill authorizes the appropriation of \$75 million to make these grants.

The bill also assures that the benefits of the urban renewal program will be available to depressed industrial communities. While that program is aimed primarily at clearing residential slums, there has been a growing recognition of the need to eliminate blighted business districts as well. Therefore, on past occasions, the Congress has authorized the use of a certain proportion of the capital grant authority for this program for nonresidential slum clearance projects. The committee amendment provides that not more than 10 percent of any future capital grant authority made available to the urban renewal program may be used for nonresidential projects in desig-

nated depressed areas. By this means these communities will be able to make available industrial sites and at the same time restore local tax bases and local revenues. Also, the bill extends the program of planning grants authorized by the Housing Act of 1954 to redevelopment areas.

A highly important provision of the bill is the aid extended for occupational training of workers in redevelopment areas. This would be highly fruitful in the long run. Many workers in these places are already skilled but the skills which they have acquired are no longer in demand. They need to learn new trades in order to find employment. To meet this need the bill authorizes annual appropriations of \$4.5 million to assist State vocational training programs. Also, because in 45 States, workers undergoing training are not eligible for unemployment compensation the bill authorizes annual appropriations of \$10 million for subsistence payments equal to the rate of State unemployment compensation payments.

The bill also makes permanent the authority for the Small Business Administration to make loans to local development corporations to finance construction or expansion of plants. Without this provision that authority would expire on June 30 this year.

All in all, this bill authorizes appropriations of \$394 million, of which \$300 million is for loans to be repaid with interest. Viewed in perspective this is a relatively small amount. It would be less than one-half of 1 percent of our total Federal budget. It is less than one-tenth of 1 percent of our total gross national product even in our present recession circumstances. It is far less than Congress has voted on many occasions for comparable aid to foreign countries. It is small, but it is extremely important. With this bill we will have a comprehensive and concentrated effort to end the suffering in areas of chronic heavy unemployment and add many times that amount to our total national output. Mr. Chairman, I know that many Members on both sides of the aisle will vote for this measure. I am hopeful that it will be approved by a substantial majority.

**SUMMARY OF S. 1 (AREA REDEVELOPMENT ACT),
AS REPORTED TO THE HOUSE**

S. 1 establishes a new program to provide new employment opportunities in areas suffering substantial and persistent unemployment for an extended period of time, and in other areas which have heavy concentrations of low-income families and substantial and persistent unemployment or underemployment.

The bill provides for an Area Redevelopment Administrator in the Department of Commerce. The administrator will be appointed by the President, subject to Senate confirmation and will perform such duties in the execution of the act as the Secretary may assign.

The bill requires that an overall program for the economic development of a redevelopment area must be submitted to and approved by the Secretary of

Commerce before financial assistance is made available under the bill. Any project for which financial assistance is sought must be consistent with the approved program. Appropriations of \$4.5 million a year are authorized by the bill for providing technical assistance to designated redevelopment areas to enable them to explore methods of expanding their industrial resources. The Secretary may also furnish such assistance to other areas which need it to alleviate or prevent excessive unemployment or underemployment.

Under S. 1, the Secretary of Commerce will designate as redevelopment areas those areas which he determines have had substantial and persistent unemployment for an extended period of time. This will include those areas in which the Secretary of Labor has found that the rate of unemployment, excluding temporary or seasonal unemployment, is currently 6 percent or more; has exceeded the national average by 50 percent for 3 of the 4 preceding calendar years, or 75 percent for 2 of the 3 preceding years, or 100 percent for 1 of the 2 preceding years; and has averaged 6 percent or more during each of the qualifying years. The Secretary of Commerce will also designate as redevelopment areas those areas which do not meet the above requirements but which he finds are among the highest in numbers and percentages of low-income farm families and have substantial and persistent unemployment or underemployment.

The Secretary of Commerce may make loans to purchase or develop land and facilities for industrial or commercial usage within redevelopment areas out of two \$100 million revolving funds. The loan cannot exceed 65 percent of the project cost, and there must be reasonable assurance of repayment. The maximum term of the loan will be 25 years—with a possible 10-year extension. The interest rate will be determined under a formula which would work out at 4⅓ percent currently for 20-year loans.

The bill also authorizes loans to provide needed public facilities in redevelopment areas, out of another \$100 million revolving fund. These loans may have a maximum term of 40 years—with a possible 10-year extension—and an interest rate of 3½ percent currently. To help provide public facilities in redevelopment areas that are unable to undertake them without grant aid, grants are authorized, to be made out of appropriations of not more than \$75 million. The grant is limited to that portion of the cost which cannot be financed through loans. Before such a Federal grant may be made, a non-Federal source must provide a matching grant, in the proportion of 35 percent, non-Federal to 65 percent Federal. Such loans and grants may be made only for projects that would improve the opportunities for establishing industries in the area.

The bill waives certain of the normal requirements of the urban renewal program, so that financial assistance may be extended under this program to clear

sites in these areas for industrial and commercial development.

The bill also makes planning grants under section 701 of the Housing Act of 1954 available to counties and municipalities located in redevelopment areas. These grants are for surveys, land-use studies, and other planning work—excluding plans for specific public works.

Stepped-up programs for retraining unemployed workers in these redevelopment areas will also be provided. The need for such training will be determined by surveys conducted under the supervision of the Department of Labor. The actual training will be provided in the normal case by the State vocational education agencies, with assistance from the Department of Health, Education, and Welfare. Annual appropriations of \$4.5 million are authorized for this purpose.

For unemployed or underemployed workers who are receiving vocational training under the bill and who are not receiving or seeking unemployment compensation, the bill would authorize payments equal to the State unemployment compensation payments, for up to 16 weeks. Appropriations of \$10 million annually would be authorized for this purpose.

The bill also makes permanent the authority—now due to expire on June 30 of this year—for the Small Business Administration to make loans to local development corporations to finance construction or expansion of plants.

The following table summarizes limits on new money authorizations in the bill:

	Million
Plant loans (sec. 5(a) areas)-----	\$100.0
Plant loans (sec. 5(b) areas)-----	100.0
Public facility loans-----	100.0
Public facility grants-----	75.0
Technical assistance (annually)-----	4.5
Occupational training (annually)-----	4.5
Retraining subsistence payments annually)-----	10.0

**QUESTIONS AND ANSWERS ON THE AREA
REDEVELOPMENT BILL**

Question. What is the purpose of this bill?

Answer. The bill provides Federal financial assistance and technical aids to supplement the efforts of State and local government and private enterprise to cure the economic problems which have resulted in high and chronic unemployment in good times and in bad in certain communities.

Question. About how many areas are involved?

Answer. Under the terms of the bill, 20 major labor market areas and 83 smaller ones would automatically be eligible for assistance. In addition, an undetermined number of rural areas and some additional urban areas would be designated according to the guidelines set forth in the legislation.

Question. Why is it that these places suffer from unemployment even when the national economy is prosperous?

Answer. There are a number of reasons. Broadly speaking, these reasons include technological change such as the shift of railroads from coal to oil; migration of industry such as the movement of the textile industry from the Northeast to the South; depletion of resources as in the case of some timberlands, coal and iron and other ores; widely fluctuating seasonal employment requirements as in the case of tobacco manufacturing centers; and overdependence on a single crop or on farming in general as in many rural areas, particularly in the Southeastern States.

Question. What Federal aids are provided by this bill?

Answer. The bill would provide financial assistance, primarily loans, technical assistance for local economic programs, and vocational training help. In more detail, the bill would authorize for appropriation \$100 million for loans for industrial and commercial facilities in urban depressed areas; \$100 million for such loans in rural areas; \$100 million for loans for local public facilities; and \$75 million for partial grants, if necessary, for local public facilities. In addition it would authorize annual appropriations of \$4.5 million for technical assistance, \$4.5 million for occupational retraining, and \$10 million for subsistence payments to those receiving technical retraining.

Question. Why is Federal aid needed?

Answer. The very fact of depressed economic conditions makes it difficult or impossible for local efforts to provide the money or raise the credit needed for the rehabilitation of existing plant facilities or the construction of new ones, and outside private capital is often reluctant to go into these areas. Moreover, there is a need for coordinated efforts in developing local economic programs and to provide workers in these areas with new skills.

Question. Can we afford this program?

Answer. There is every reason to expect that this program will return a profit to the Treasury in the long run. Even apart from our moral responsibility to those suffering from unemployment—a responsibility expressly assumed by the Full Employment Act of 1946—a cold dollars and cents analysis will probably show a profit. For one thing, the bulk of the funds provided are for loans to be repaid with interest. The successful operation of this program is bound to increase the revenues of every level of government—local, State, and Federal. Offset against this is the fact that there is a heavy cost for failure to take action. There are direct outlays for unemployment compensation and relief payments to the unemployed and the hidden costs of lost production.

Question. How do we know that the money will actually accomplish something and not be wasted?

Answer. Experience under local programs, such as those in Pennsylvania where local development groups and the State have worked together, shows that if credit is available much can be done to bolster the economic bases of these depressed communities. Moreover, before any financial assistance is extended under this program, the community must work out a general economic development program for the approval of the Secretary of Commerce. This program will have to show that there is good reason to believe that the aid sought will make a meaningful contribution toward long-term economic improvement for the area. If the economic program does not convince the Secretary, he will not authorize Federal loans and grants under the bill.

Question. Will this program take the place of local efforts?

Answer. This program is designed to assist and supplement local efforts, not take the place of them. The initiative for loan and grant assistance under this program must come from the community level.

Question. Why can't, or why doesn't, private enterprise restore these areas without Government aid?

Answer. Actually the program ultimately relies on private enterprise to provide the long-run solution to chronic unemployment in these places. The benefits provided in this bill are all aimed at creating conditions in which private enterprise can flourish. This includes not only the industrial loan funds but the assistance for community facilities and the aid for retraining workers.

Question. Will this aid be used to transfer plants from one place to another?

Answer. Absolutely not. There is a flat prohibition in the bill against using these loans to assist establishments relocating from one area to another. The program rests on the fact that billions of dollars are spent for new plant facilities every year in new locations. Given a modest amount of assistance to efforts of local community and business leaders, there are many opportunities to develop new employment opportunities in these areas for the benefit of the entire country.

Question. Why should the Federal Government finance plants in these areas; can't they get credit from private sources if they are sound?

Answer. The bill requires that there must be some private investment in every project financed with Federal help under the plant loans section. The Federal loan cannot exceed 65 percent of the project cost. Experience in Pennsylvania with this sort of program indicates that in many cases private investors or the State, or both, will provide 50 percent or more of the funds needed. Federal loans are limited to the amount which cannot be obtained from other sources.

So if private credit is available, on reasonable terms, it will be used. But in these areas credit tends to be tight, especially in areas which have already strained every resource to help themselves, so they must turn to the Federal Government for the additional credit they need.

Question. Is there enough money in the bill to do the job?

Answer. The financial assistance provided in this bill should be regarded as "seed" money. It is not expected to do the whole job itself. Primary reliance will continue to be on private enterprise. The assistance in the bill is aimed at getting local economic development programs under way.

Question. Will all of the designated areas share in these aids?

Answer. Probably all of them will benefit one way or another from the technical assistance and other aids in developing local economic programs. However, not all of them will need the financial assistance. Financial assistance will be extended only if the local economic program shows its need and if application is made for a project which the State and the Secretary approve.

Question. How will this help areas not designated as eligible?

Answer. Anything that can be done to improve employment and incomes in these places will increase total demand. In our closely interrelated economy every area is dependent on other areas for markets for the goods and services produced. Helping these depressed areas will mean the sale of more cars, more appliances, and other products. By the same token, if nothing is done, the lack of buying power in these areas may undercut general business activity and result in unemployment and stagnation in other communities.

Question. Wouldn't it be better if the people moved out of these depressed communities?

Answer. Actually a substantial amount of migration is taking place from these communities, but this is not an adequate answer to the problem. For one thing, many families, particularly older workers, are unwilling or unable to cut their ties from home and friends and move to strange communities. Moreover, business firms are often unable to move their investment out of the community except at a substantial loss.

A particular problem which shows the weakness of migration as a solution is the fact that many workers who have moved to another city to find employment, often

leaving their family behind, discover that they have no seniority for job security in the new place. They are among the first laid off and often have no recourse but to return home.

In a broader view, our country can ill afford the abandonment of the tremendous investment in schools, roads, homes, industry and commercial buildings, and the like, which would be entailed by wholesale abandonment of these communities.

Question. Is area redevelopment legislation a new idea?

Answer. It is not. Bills for this purpose have been before the Congress for several years and in fact two of them have passed but met with Presidential vetoes. However, the basic principles of area redevelopment legislation have bipartisan support and have been endorsed in the platforms of both parties.

Question. Why is aid for public facilities necessary?

Answer. Adequate public facilities, particularly water and sewer works, are highly important to industry expansion. However, many of these communities are unable to finance them on their own. High unemployment poses a heavy burden of relief assistance while at the same time tax sources are eroded. Therefore, the bill provides for Federal loans and, where necessary, partial grants to finance local facilities which will improve the opportunities for business growth.

Question. Is the interest rate for these public facility loans a subsidized rate?

Answer. There is no subsidy involved. The rate is based on the average interest paid by the Treasury on the outstanding public debt plus one-quarter of 1 percent. Currently this means an interest rate of 3½ percent. It is the same rate as applies now to college housing loans.

Question. Can't these communities borrow more cheaply on their own?

Answer. Because of the Federal tax exemption on the interest on local bonds, it will be possible for some communities to borrow more cheaply on their own and where this is true, the bill directs them to do so. Federal loans may be used only where the community cannot borrow more advantageously through their own securities.

Question. What do you mean by "underemployment"?

Answer. In our industrial areas, people normally have a full-time job or none at all. But in rural areas, many farmers must have part-time jobs off the farm to earn an adequate living. In 1959, nearly a third of our farmers worked off their farms 100 days or more. There are hundreds of rural counties where these part-time jobs are not available, and farmers cannot earn adequate incomes. These are the "underemployed" who must be helped.

Question. What is the extent of underemployment in rural areas?

Answer. Secretary of Agriculture Freeman testified that "There is enough underemployment each year among workers 20 to 64 years of age who live on farms to equal a full year of unemployment for 1,400,000 workers. That is to say—if we did not have so many people underemployed in agriculture, the Nation would have roughly 1,400,000 more unemployed workers than are currently reported."

Question. How does underemployment affect farmers' incomes?

Answer. More and more farm families are found in the lowest income group—the lowest one-fifth in the Nation. In 1959, 36 percent of farm families had incomes below \$2,000.

Question. How will the bill help these rural areas?

Answer. The same aids are available for these areas as for industrial areas, except, of

course, for the urban renewal assistance which would not be applicable. There is a special revolving fund of \$100 million for industrial and commercial projects in rural areas, and the \$75 million public facility grant fund will probably be of particular benefit to our smaller towns.

Question. What would be the impact of the vocational training program in a rural area?

Answer. Many workers, particularly younger ones, want to enter trades and occupations other than farming. The vocational training provision of the bill would be an important added resource providing such individuals with opportunities to learn new skills.

Question. Why isn't the existing rural development program enough?

Answer. The rural development program through regular agricultural agencies is providing help to local business, farm and other individuals to permit economic development. The area redevelopment bill would provide intensified assistance with additional resources and broader scope for designating rural areas. Under this bill some local development programs would have additional capital for industrial development; vocational training programs would be speeded up; and the technical assistance provisions would provide additional resources for basic economic studies and technical advice in special agricultural, industrial and marketing development projects.

Question. What urban renewal aids are provided for?

Answer. Under the urban renewal program, the Federal government can make grants to communities to pay up to two-thirds of the net cost of clearing slum areas. While the program is aimed primarily at residential blight, a certain amount has been authorized for redeveloping blighted business areas. The bill waives certain requirements of the regular program to make sure that depressed industrial areas can take advantage of this assistance.

Question. Why is this urban renewal aid important?

Answer. First, it will make it possible for communities to provide sites for industrial development. Secondly, by clearing away rundown business districts and replacing them with new plants and offices, the community's tax base will be strengthened.

Question. How will the Department of Labor decide what type of training is needed in redevelopment areas?

Answer. The basic information will be gathered through the State employment security offices. There are now 1,800 of these offices throughout the country, operating at the grassroots level. They have had 25 years' experience, working with the Department of Labor and community groups, in gathering information about the labor force, including the information needed to determine what types of training can result in useful jobs for idle workers.

Question. Can you accomplish much with retraining?

Answer. Yes. This may prove to be one of the most constructive features of the bill, because it should provide permanent solutions to the occupational problems of many people. There are vacancies even in depressed areas which men or women with special skills can fill. This is evident from success in placing graduates from some of the technical vocational schools. Moreover, if the unemployed do get specific training, they may find it easier later on to get jobs in some other nearby communities.

Question. Who will conduct the training?

Answer. Here again, existing State and local agencies will be used, for the most part. There is a well-established Federal-State vocational education training program. This will be expanded under the bill, with increased Federal assistance to the

State vocational education boards for stepped-up training in redevelopment areas. There will also be some on-the-job training. Occupational training under the bill will require cooperation among the various representative groups in the community—the school system, the employment service, management, and labor—both in appraising the skills that are needed and in helping to plan realistic training courses for those skills.

Mr. Chairman, the gentleman from New Jersey [Mr. WIDNALL], has announced that he will offer his bill (H.R. 5943) as a substitute amendment for the committee bill.

The Widnall amendment increases plant loans for industrial areas by 50 percent. At the same time, it narrows the criteria for designating these areas, and completely eliminates aid to rural areas. It also eliminates, or makes unworkable, or puts a 1-year expiration date on most of the other assistance offered by the bill, including assistance for public facilities, urban renewal, and occupational training.

The farm areas would be cut out completely, and told to settle for a \$500,000 study of their problems. Their problems have been studied for years. They need action, not more study.

Also, grants for public facilities would be eliminated completely.

The rest of the damage would be done in the name of "coordinating" the new program with existing programs. In the case of public facility loans, this "coordination" results in forcing the chronically depressed areas to seek assistance under a 5-year-old program which has accomplished very little. Chronically depressed areas, as well as the less-hard-hit "areas of substantial labor surplus" have a priority today for assistance under this program. But the interest rate has been so high it has been of little value. But, for what it is worth, it is available today, for depressed areas as well as more prosperous communities. The Widnall amendment would impose a completely unworkable "antipirating" restriction on this program; a restriction that even the Eisenhower administration opposed. The result would be that there would be no more public facility loans for any community, depressed or not, if the Widnall amendment were adopted.

An even stranger result would follow for urban renewal. Under the Widnall amendment, the same "antipirating" restriction would be placed on urban renewal assistance for chronically depressed areas, but not for prosperous cities who can get assistance under the regular program today for clearing industrial slums.

Again in the name of "coordination," the Widnall amendment would terminate assistance for occupational training after June 30, 1962. The same death sentence would be imposed on subsistence payments for workers being trained.

Under unanimous consent I include in the RECORD at this point a more detailed discussion of these points.

ARGUMENTS AGAINST WIDNALL SUBSTITUTE (H.R. 5943)

First. It eliminates help for rural areas.

The Widnall amendment increases plant loans for urban areas by 50 percent—\$50 million—and eliminates or makes unworkable most of the provisions which would help farm areas. It eliminates completely the committee bill's authorization of \$100 million for plant loans in rural areas, and the \$75 million authorization for grants of public facilities, which would be particularly helpful to smaller communities in outlying areas.

Instead, the farmer is told to be content with a study. The problems of underemployment in rural areas have been studied for years; it's time to act.

The committee bill is criticized because the criteria for designating rural areas are "loose and meaningless." And yet last year, when specific criteria were specified, they were attacked because they showed the South had the highest concentrations of low-income farm families and low-income farms. This bill has seven criteria for designating rural areas, and the Secretary of Agriculture has testified that they will work well. See appendix B, page 19 of the committee report. The data for underemployment in rural areas are not as advanced as the data for unemployment in industrial areas, and so the criteria for designating rural areas must be more flexible. But we shouldn't penalize the farmer for defects in our statistics. The Department of Agriculture has enough data now to identify some of the worst areas. They are now studying the results of the 1960 census and will shortly have available more information to round out the picture. There is no need to wait for some indefinite time in the future to do something about this problem. The problem is here now, and we have enough information now to go ahead with a solution.

The Secretary of Commerce yesterday wrote a letter to Hon. BRENT SPENCE, chairman of the Banking and Currency Committee and author of the committee bill, urging again that the rural areas be allowed to participate in this new redevelopment program. I quote from the Secretary's letter:

The bill which is now pending before the House contains provisions for loans in both urban and rural areas. It is my firm opinion that we should certainly deal with both the rural and urban economic problems which now confront many areas of the Nation. I see absolutely no justification to attempt to deal with one to the exclusion of the other—I see no justification, for example, for the deletion of the provision for rural assistance in order to concentrate solely on urban areas, as has recently been suggested. I recommend and urge that the basic proposals contained in S. 1 for both rural and urban assistance—as reported by your committee—be approved by the House.

The National Grange testified that from the long-range standpoint, this bill could be one of the most important pieces of agricultural legislation of the 87th Congress. The National Farmers Union and the National Rural Electric Cooperative Association also enthusiastically support it.

Second. Its antipirating provisions are unworkable and actually penalize depressed areas.

The committee bill has a general statement of policy to the effect that the

bill is to be used to create new job opportunities—as opposed to transferring jobs from one place to another—and it has a specific prohibition against pirating in the plant loan section. This prohibition will work for plant loans, because when a plant loan is made, you can normally identify the business that will occupy the plant, and you can make sure that no one will be thrown out of work as a result. The Widnall amendment is identical with the committee bill in this respect.

But the Widnall amendment requires an impossible finding before urban renewal aid is given to clear a site in an industrial depressed area. No one can tell before a site is cleared who will move in to use the cleared land. And yet the Widnall amendment requires the Housing and Home Finance Administrator, before authorizing urban renewal help to clear the site, to determine whether it will assist business establishments in relocating, totally or partially, from one area to another. The Eisenhower administration opposed any such requirement, on the ground that it could not work—hearings on area redevelopment before Subcommittee No. 3 of the Banking and Currency Committee, 1959, page 443. The Widnall amendment would impose this unworkable requirement on aid to depressed areas, when no such requirement is imposed today under the regular urban renewal program on aid to prosperous cities.

The Widnall amendment also imposes the same unworkable restriction on public facility loans. But at least in this case, the amendment is consistent. It not only imposes the requirement on depressed areas, but it also imposes it on other more prosperous communities. Depressed areas as well as other communities can get assistance under the program today without being faced with this particular roadblock. The amendment makes sure that no community, depressed or not, will be able to get a loan under the public facility loan program.

Third. It would mean high interest rates on public facility loans. The Widnall amendment coordinates the public facility loan provisions of the bill with the existing public facility loan program. While the amendment does not specify the interest rate for these loans, the interest rate on this loan program has traditionally been so high that the program has been of very little value. Currently, the rate is $4\frac{1}{2}$ percent for general obligation bonds, and $4\frac{3}{8}$ percent for revenue bonds, with 30-year maturities. The Dow-Jones index on yields on tax-exempt municipal bonds, by comparison, has been averaging about $3\frac{1}{2}$ percent in the last week, according to the Wall Street Journal of Monday, March 27, 1961. You cannot expect a loan program to give any real help to depressed areas if it is priced that far above the market. The committee bill produces a rate close to the market: $3\frac{1}{2}$ percent.

It is claimed that the committee bill provides for a subsidized interest rate. And yet it is based on the average rate the Government pays on all its borrow-

ing, plus a quarter of 1 percent to cover administrative expenses. An identical interest rate now prevails in the college housing loan program, and a lower interest rate is in effect for REA loans.

Fourth. Occupational training would be terminated June 30, 1962.

Despite the fact that even the opponents of the committee bill are conceding that occupational training would be one of the most valuable tools for helping depressed areas, and despite the fact that the Widnall amendment actually increases the authorization for appropriations for this purpose during the first fiscal year, it terminates this program on June 30, 1962, by limiting the authorized appropriations to fiscal year 1962.

The reason given for this death-sentence is that this will "force coordination within that time of this new program with the existing vocational training programs of the Department of Health, Education, and Welfare." The committee bill, of course, provides for just such coordination. It provides that these training programs will normally be set up by the Department of Health, Education, and Welfare, through the State vocational education boards. It is hard to see how improved coordination will be achieved by killing the program after 1 year.

Similarly, the Widnall amendment kills off the retraining subsistence payments after 1 year. The reason given is that this will allow the Ways and Means Committee to "coordinate and possibly consolidate this program with the basic unemployment compensation program." The fact is that these training payment are needed because under State law in 45 States unemployed workers are denied unemployment compensation while they are in training because they are not "available for work." This is a matter of State law which the Ways and Means Committee has no control over. But even if the Ways and Means Committee does have some plans to provide a better program next year, there is no reason to impose a death sentence on this program. It will be entirely feasible to enact improvements, if they are developed, without such a death sentence.

Fifth. It eliminates grants for public facilities.

The public facility grants authorized in Section 8 represent but a small portion of the committee bill in terms of dollars, but they could prove the most important part of the measure to those areas which qualify for them. Grants are to be made only in situations of extreme need. There will be a few places in the United States where all the energy and resources of local people will not suffice to attract a project vitally needed to strengthen the community's economic base.

The margin between failure and success might be very small, and Federal grants could be the only lever to lift community resources to a level where new enterprises can make a beginning. If all sources of financing, together with Government loans, are fully explored and found insufficient to meet a fully demonstrated need, then we should have

in reserve at least the limited authority for Federal grants provided in the committee bill.

The proposal for grants in the committee bill is modest and well protected against possible abuse or waste. Section 3(e) authorizes a total appropriation not exceeding \$75 million for public facility grants, and subsection (b) establishes four safeguards. These specify that grants shall be made only after the maximum local contribution has been made and found insufficient, only where the need is urgent and could not be otherwise undertaken, only for projects that assure permanent benefits, and finally, only for projects that are consistent with the approved development program. In any case, a matching State or local grant, equal to roughly half the Federal grant, will be required as a minimum.

Mr. Chairman, I desire to answer some of the statements that will be made and I therefore reserve the remainder of my time.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. KILBURN. Mr. Chairman, I think this bill will do more harm than good. I do not think it will take care of the depressed areas of our country, which, of course, is what we all want to do.

Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. SEELY-BROWN].

Mr. SEELY-BROWN. Mr. Chairman, this bill is certainly the best bill as such that has been reported by the committee covering this particular subject. Personally I feel that the Widnall suggestion, the Widnall amendment, or the Widnall substitute is even a better approach, therefore I expect to support the Widnall amendment.

Mr. Chairman, I am for Federal assistance to help those areas of our country which want and need help to recover from chronic unemployment and underemployment. This assistance should, to be effective, provide some long-range improvements in our economy. It is not intended to be a part of a program to help relieve a recession.

The list of those communities which apparently would qualify for Federal assistance includes three areas in Connecticut, one of which is in my district, which have lost jobs and which have been striving, with some success, through local and State efforts, to bring in industries that will provide new ones.

A helping hand for these communities and others like them, from the Federal Government is in order, to put more beef behind those who already have their shoulders to the wheel, and by which there is reasonable expectation that the job-producing complex can be put back on the track.

It was to help these communities that, during my previous service in Congress, I advocated and supported legislation for the assistance of depressed areas. I am eager to help them now.

The best way to do that, I am convinced after a thorough study, is to pass the Widnall substitute for S. 1.

The Widnall bill, H.R. 5943, which my friend from New Jersey [Mr. WIDNALL] introduced on last Friday, will provide more loan assistance—50 percent more—for the construction of plants in truly depressed areas, it will provide more than double the amount of funds allocated for occupational training and retraining, and it will do all of this at a cost which will be a third less than the cost under S. 1.

Under the Widnall substitute, it is estimated that the cost will be \$275 million; but the committee bill will cost the taxpayers at least \$394 million.

Since the substitute which is now before us was introduced as an original bill last week by its sponsor, the gentleman from New Jersey [Mr. WIDNALL], and printed copies of the bill have been available for several days, it is unnecessary for me to go into a detailed comparison of the provisions of this bill with the committee bill.

There are some highlights about it, however, which should appeal to all Members of the House.

For loans, on a nonsubsidy basis, too, it should be pointed out, for the construction of plants in redevelopment areas, \$150 million is provided in the Widnall substitute, as against \$100 million in the committee bill.

For occupational training, which is the only help some of the unemployed in depressed areas will get out of Area Redevelopment legislation, \$10 million is provided, which is more than double the \$4.5 million in the committee bill. The Widnall bill provides the same amounts as the committee bill, for technical assistance to redevelopment areas and, for subsistence payments during retraining.

Not only is the overall total of loans authorized increased in the Widnall bill, as compared with the committee bill, but the truly depressed areas will not have to share benefits intended for them with areas which might include an entire State under the broad authority to designate redevelopment areas contained in the committee bill.

The Widnall substitute uses the term "labor market area" instead of "area," which appears in the committee bill, because Department of Labor statistics on unemployment are tabulated on this basis, and by using this term in the legislation before us, there will be correlation between the areas designated and the areas for which unemployment information is available.

In the Widnall substitute, a redevelopment area can be designated as such only after the chief executive of the State has requested such designation, so that the rights of the States are protected.

The loose and meaningless criteria for designation of rural development are eliminated. Under the committee bill, although it was evident from the testimony at the hearings that nobody had the faintest idea how it would work, half the counties in the country could be designated as redevelopment areas, and even Indian tribes are included.

The Widnall substitute gets down to earth on rural redevelopment, by removing the \$100 million loaning capacity,

and allotting \$500,000 for a study by the Secretary of Agriculture so that he could come up with some kind of a workable program for rural areas for redevelopment.

The substitute bill also eliminates the duplication in authority to make loans for community facilities. The Community Facilities Administration of the Housing and Home Finance Agency already has full authority to make loans for all kinds of communities. The Widnall substitute takes out of the bill before us the \$175 million for public facility loans and grants, and adds the \$100 million for public facility loans to the Community Facilities Administration authority, with a priority for redevelopment areas.

The Widnall substitute makes 15 changes in the committee bill.

They are changes which are constructive, and which strengthen the bill. They would provide more dollars for redevelopment than the committee bill. They would provide the framework for adding jobs in areas where they are most needed.

I hope the substitute bill will be passed by the House, in place of the committee bill.

(Mr. SEELY-BROWN asked and was given permission to revise and extend his remarks.)

Mr. KILBURN. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HARVEY].

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, I am opposed to S. 1 as it was reported out of committee and as Mr. PATMAN has presented it today. I would like to make clear at the outset that the purpose of this legislation is commendable, and as a Member of Congress from Michigan, one of the States to be affected by this legislation, I, too, desire to lessen human suffering and to get people back to work in these economically distressed areas. Contrary to what some people might say, there should be no question of whether our Federal Government should act to alleviate this type of unemployment, but rather only a question of how the Government should act. I certainly agree that not enough praise can be said for the many fine people in these areas who have tried diligently to help themselves out of their predicament, where natural resources have been depleted or industries have left. I do not mind saying that I have come to admire my colleague from Scranton, Pa., who sits on the same side of the aisle as I, and who in my mind probably best personifies the tremendous efforts of planning on the part of these communities to help themselves.

I do not believe, however, that this bill, the Spence bill, or now referred to as S. 1, is the proper legislation to put these communities back on their feet. It is important to remember that what we are trying to do is to give industry an incentive to build new plants and thereby create new jobs in these areas. This legislation starts with the erroneous assumption that there are numerous

companies ready and willing to move into one of these depressed areas just as soon as arrangements can be made to find them a site and build them a plant. In other words, it is based upon the promise that the extension of credit is the key factor in the expansion of industry. I call to your attention that we have ample plant space in Michigan already built and unoccupied at the present time, and ours is only one instance where that is true. My point is that the extension of credit to build a plant is only one of many factors that persuade an industry to expand an existing plant, or to build a new plant. There are other factors just as important. These include the type of labor, markets, materials and services, transportation, as well as the local government and an intangible factor often referred to as business climate. During the subcommittee hearings on this subject, one of our witnesses testified that not more than 350 new plants a year are created. The representative of the U.S. Chamber of Commerce stated, and this should be obvious to us all, that there are already thousands of these industrial development agencies competing for these few new plants that are constructed each year. I call to your attention that almost all of these are presently advertising 100 percent financing for new plants. Quite properly then, we should conclude that credit is only one factor in locating a new industry.

I believe that it is important for Congress to recognize that there are other incentives to bring about the expansion of industry and the creation of new plants that are more important than simply extending credit. I know that I am digressing from the bill before us, but let us look for a minute at our policy with regard to depreciation of plant machinery and equipment. We only have to look to the north, to Canada, to see the tremendous growth of that economy in the next decade. Again, we need only look abroad to Europe to see the growth of these countries. It is time that we in Congress should change our thinking with regard to depreciation for tax purposes. We must begin thinking in terms of "useful life" of machinery rather than in terms of "physical life." We must think in terms of "replacement cost" and not "original cost." Inasmuch as I have introduced a bill which would make these changes in our tax laws, I was very happy to see an article recently appearing in one of the newspapers in my district quoting President Kennedy as "renewing his pledge to quickly receive tax reforms to help business update its plants." These simple changes in our tax laws I submit to you will do more toward bringing about new plants and new jobs than any depressed areas bill such as you have here.

Getting back to the Spence bill that we have before us, however, I would like to talk to you briefly about those features of the bill which I believe have merit and those features to which I object.

First. The industrial loan provision, section 6(a): There was testimony in our hearings that some of the areas who have been conducting these industrial

development programs, for more than a decade, have been having difficulty raising local funds. Now I do not deny that extending credit for construction of a plant is some incentive to industry to expand. I do say, however, that the capital you are providing under this system is minor by comparison to the overall need. In other words, you are doing this the hard way. Much more capital for expansion would be provided by a realistic depreciation policy for tax purposes. The effects would be felt by industry immediately, as well.

Second. The retraining provision in section 16(a): The testimony at our hearings indicated that some States have conducted very worthwhile retraining programs. I read only last week of a very successful retraining program conducted by the Armour Co. and its union in Chicago without any help from the Federal Government whatsoever. I believe that retraining makes sense. I say so because rather than for a person to just sit idly by and receive unemployment benefits, I would much prefer to have him learn something at the same time. However, I call to your attention that no reasons have been shown why all of the States have not been conducting such retraining programs, nor if the Federal Government is to get into the act, why the retraining program should not be tied in with the legislation we just passed to extend unemployment compensation benefits for an additional period of time. We in the minority of the committee feel that although these features of the bill have some merit, they can better be accomplished by the methods which I have described to you.

The objectionable features of this bill in my judgment far outweigh any benefits rendered. One of the most objectionable features is certainly section 5(b), "rural development areas." No one knows what areas these are. Everyone agrees that complete discretion in designating these areas is invested in the Secretary. Listen to what Mr. Hodges and Mr. Freeman have to say:

Secretary HODGES. I agree with you that it is not as clear cut as would be desirable, and when you are dealing with a rural area it is not as specific, of course, as you have in your urban area. We would have to lean very heavily on the Secretary of Agriculture and his agency for their recommendations. We would have our own people doublechecking it to be sure of it.

Mr. SCRANTON. In other words, there is no limitation, as you see it, in the criteria as to number; is that correct?

Secretary FREEMAN. No, sir; I think this allows discretion as to that on the administrator.

Certainly, having these statements of Secretary Freeman in mind, we cannot justify handing over to him \$100 million and let him determine wherever he wants to spend it.

Another equally objectionable feature of this bill is the provision for loans and grants for the construction of public facilities. Granting that public facilities are another factor considered by industry in locating a new plant, I point out to you that there are numerous communities throughout our Nation with such public facilities already constructed

and with credit readily available, but which have, so far, been unsuccessful in attracting new industry.

As far as loans for public facilities are concerned, I call to your attention that the need has not been shown and, second, that we would be duplicating existing machinery. I say no need has been shown because, as we have set forth in our minority views, most of the areas have excellent credit. They are borrowing money as well, or better, than our Federal Government. I say that there is a duplication of machinery because we are already loaning money through the HHFA, the Community Facilities Administration, to communities all over the Nation for all types of public works projects. Just listen to this letter written to one of our communities from the HHFA, practically begging this community to borrow money to build any kind of a public works project:

Other policies which in the past restricted public facility loans to water, sewer, and gas projects have also been changed to provide financing for all types of public works, except schools, which the community is interested in placing under immediate construction.

Even a more objectionable aspect of these public facility loans, however, is the fact that this bill includes a subsidized interest formula. This is preposterous as far as I am concerned. Having just finished serving as mayor in Saginaw, Mich., a town of 100,000 persons, I say to you that I do not believe that any of our citizens, nor any in the United States, expect our Government to lend money at a lesser rate than they can borrow it. This just does not make sense. Only this last week our Federal Government converted some obligations for 3 to 5 years and paid from 3.98 percent to 4.09 percent interest. How can we then justify lending at 3½ percent? Not even Secretary Hodges asks this. Here is what he says:

I don't think it will make too much difference, sir, what communities could borrow money for because, keep in mind, you are dealing with communities that are in tough situations where money or credit is often not available at any interest rate.

Section 8 of the proposed bill, which provides for \$75 million in grants for public facilities is just as objectionable. I heard it said that this bill would forestall the need for a huge public works program. On the contrary, that is just what this section of the bill is. A public works program cannot be justified on the basis of need. What are the communities in our district going to say who have already paid for these public facilities when they see our Government building them for free next door? Keep in mind that complete discretion is vested in the Secretary to decide what sort of facility, whether it be school, highway, public building, or any other project, where it will be built, or how much will be spent within the limits of the \$75 million that we give him for a starter. This is poor legislation to end a recession, for the recession will be over by the time the project gets underway. I submit to you that for the Government to engage in a vast public

works program is also highly inflationary, as well. I do not believe it can be justified under any circumstances today.

In summary, let me say this; I believe there are dangerous aspects to this bill other than those individual features I have pointed out. I would rather see us give industry incentive by a realistic depreciation policy, and conduct a retraining program where it belongs, than in a bill such as this, for I feel that this bill, itself, is a vast step toward socialized industry. I know that the cry of socialism has been raised for the last 30 years, but I call to your attention that where the Government begins to finance the plants, and where the Government determines where a plant shall be located, or denies such permission, is no less than the socialized industry that has been such a failure in England during the past years.

Much has been said about the anti-pirating provision in the bill. Neither Secretaries Hodges, Freeman, nor Goldberg felt that pirating could be eliminated entirely. No one as yet knows how to handle the situation where the company has a plant and built a new plant in a depressed area, then for reasons of its own decides to close the plant in the older established area. I was interested to read a clipping in the Wall Street Journal just the other day where Mr. Walter Reuther, the head of one of our largest unions, advocated that industry should be required to secure a permit or get clearance from the Federal Government before it should be permitted to move a plant. I call to your attention that this is just what we are doing in this legislation, and that it is, therefore, a big step toward socialized industry, which I am not prepared to accept. It is for these reasons that I oppose the Spence bill.

Mr. PATMAN. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, the chairman of the subcommittee, the gentleman from Texas [Mr. PATMAN], has made his usual comprehensive and thoughtful statement in support of the bill S. 1 with the committee amendment. There is little to add to it.

But I want to address myself briefly to the bill's antipiracy clause. As the gentleman from Texas well said, this is the strongest antipiracy provision ever put into an area development bill. It was the particular task of many of us on the subcommittee and the full committee to see that the most apt language possible for this task was used. The main antipiracy provision is contained in section 6, and provides that no loan shall be made "to assist establishments relocating, totally or partially, from one area to another."

That, I submit, Mr. Chairman, effectively locks up the bill against any possibility of pirating industry from one area to another.

That the committee's intent might be even more abundantly clear, it is set forth on pages 4 to 6 of the committee report just what those words mean. Specifically, the bill itself and the committee report lay it down that if a plant

is to be erected in a new locality, the locality of distress, no loan can be granted if it even appears that some time in the future this might cause a plant to be withdrawn or relocated from some other area. The Secretary of Commerce is expressly vested with the power to see to that.

Secondly, the words "totally or partially" in the amendment just read are defined so that the Secretary of Commerce is required reasonably to assure himself that the establishment of the branch is not going to cause any unemployment in the area where the original plant is located. The prohibition is absolute; it is clear. We do not believe it will inhibit the good that this bill will do, but we do want to make it clear, and we certainly have made it clear, that if action under this bill is going to cause unemployment, then the action is prohibited.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Ohio.

Mr. VANIK. I want to agree with what the gentleman has said. I shared with him great concern when we began consideration of this legislation that the industrial communities where industry was now established would not suffer in any way as the result of this legislation; and I am satisfied, as he is, that the language we have adopted in committee is the strongest possible language and that it is the furthest, I think, that every community can feel assured that there will be no piracy under the provisions of this act. I might add, we hope the administrator of the act will, when loans are made, provide as part of the loan contract that there will be some penalties for bad faith or subterfuge if any should be practiced by anyone who is seeking to take advantage of the loan benefits under the terms of this legislation.

Mr. REUSS. I thank the gentleman.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I am glad to yield to my colleague, the gentleman from New Jersey, a member of the committee.

Mr. WIDNALL. I know the subcommittee and the full committee were greatly concerned with antipirating. I would like to ask the gentleman this question. With that evident concern, why was it not extended to the urban renewal section and to public facilities? In the substitute I have offered, it would cover both of those sections also, and I feel the committee bill has a few holes in it. It does not have that at the present time.

Mr. REUSS. The reason we thought it impractical to put anything into those sections is as follows. The urban redevelopment section, of course, is merely a section to be taken into consideration with the existing urban renewal and redevelopment provisions of the housing bill; and, as the gentleman well knows, there is no antipiracy section there because piracy is not really an issue. For example, we are redeveloping most of the major cities of this country. At the time of redevelopment, one cannot tell

what plants may relocate in that area in the days to come. If we are going to try to engraft antipiracy provisions upon that section of the bill, I think it would tend to do away with the entire urban redevelopment program.

Mr. WIDNALL. I believe in the bill which was sent to the President last year, which was vetoed, there was such a clause covering urban renewal. Why was that removed this time?

Mr. REUSS. I do not know whether it was removed or not, because I do not recall whether it existed in the bill last year, but I repeat my answer to the gentleman. I yield to no one in my desire to find the strongest possible workable antipirating clause. The urban redevelopment program is a program independent of the area redevelopment act. Nowhere in the urban redevelopment program in general is there any antipiracy clause, and to add an antipiracy clause would not only produce an unbalancing effect applying as it would to only a small part of the urban redevelopment program, but I suggested that it is really not workable. How do you know when you tear down some old slum buildings in a city that five years later a plant may move into that area? The time to stop that plant from moving into the area, if it causes unemployment in the area of origin, is when it starts to talk turkey and wants to move to the new area.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Texas.

Mr. PATMAN. The Eisenhower administration proposed this provision. In the hearings before our subcommittee in 1959 at page 443, it was stated that the Widnall amendment would impose this unworkable requirement on aid to depressed areas, when no such requirement is imposed today under the regular urban renewal program on aid to prosperous cities. So, it will not work, as the gentleman properly said. You cannot except these things. And to make a requirement that you must show that there will be no piracy is making it impossible, because you do not even know who you will deal with if you deal at all. It is just making a climate in the local community such that the industry will come there when you do not know whether industry will come or not.

Mr. REUSS. I would ask the gentleman from Texas from what the gentleman is reading.

Mr. PATMAN. The 1959 hearings, page 443. This was the Eisenhower administration talking.

Mr. REUSS. I thank the gentleman from Texas. So, if one wants to serve the Eisenhower policy, he would not insist on an antipiracy clause in the urban redevelopment or community facilities section.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. As one who appeared before the subcommittee in support of a strong antipiracy clause I am

very pleased to see that you have included one in the bill as reported by the committee.

I wonder if before the gentleman's time expires he would make a few observations as to whether or not funds under this bill could be made available for such things as trade schools or schools in which trades can be taught? I would like to know whether or not there is anything in this bill which would prohibit that.

Mr. REUSS. I yield to the gentleman from Texas to answer the gentleman.

Mr. PATMAN. I do not believe it is in the bill. If it is, it is in the Widnall amendment also; but I may say that would not be permitted in either event, because that is not contemplated.

Mr. SEELY-BROWN. It is a question of a technical or training school.

Mr. PATMAN. Yes, it is possible for any retraining.

Mr. SEELY-BROWN. That is what I am getting at.

Mr. PATMAN. It would be possible there.

Mr. REUSS. Occupational retraining aid is in the bill in the amount of only \$4.5 million. I would infer, therefore, that no brick-and-mortar program for school building is contemplated.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Chairman, I want to vote for an area redevelopment bill. In good conscience, however, I can do so only if the bill in question meets two tests: First, that the legislation is so written as to create honest prospects that it will effectively put people back to work in chronic labor-surplus areas; and, second, that it will help depressed areas without hurting nondepressed areas.

The existence—indeed, the growth—over the past 7 or 8 years of well-defined areas of the country which have not responded to the general growth and prosperity of the economy is a matter of the utmost concern. The problem of chronically depressed areas and long-term unemployment is no longer simply a local one, as both political parties have formally recognized. Its proportions are such that the Federal Government has a clear obligation to help.

In devising the means by which we propose to help put people back to work, we have a solemn responsibility to be frank. We must not lead the people of depressed areas to expect miracles. On the other hand, we must be as certain as possible that the assistance we provide will really help. The criteria in the bill by which redevelopment areas would be designated should be precise and realistic. And the channels through which aid would go to these areas should be designed for maximum effectiveness.

In both these respects, Mr. Chairman, it seems to me that the substitute proposed by my distinguished colleague from New Jersey [Mr. WIDNALL] is superior to the committee bill. It would tighten up the definition of redevelopment area and help reduce the possibility

of waste through the dissipation of Federal aid in too many areas. And it would emphasize the most practicable forms of assistance by increasing plant loan funds, by expanding the existing public facility loan program, and by more than doubling funds for occupational training.

In discussing this legislation with many of our colleagues, Mr. Chairman, I have found much agreement that Federal assistance should be sent where it is needed most and where it will do the most good. I hope, therefore, that the House during this debate will make it clear that Congress intends this purpose. I suggest that three general standards would be suitable as an expression of congressional intent in this respect. The Area Redevelopment Act should be so administered as to give priority to and to concentrate the available assistance in redevelopment areas, first, where the rate of unemployment has been among the highest; second, where substantial unemployment has existed for the longest periods of time; and, third, where economic circumstances are such that the assistance can most effectively be utilized in developing employment opportunities.

These are general standards, Mr. Chairman, but I believe they would indicate to those charged with administering the legislation that Congress intends to establish priorities and to emphasize those areas where prospects are greatest that Federal assistance will result in substantial economic improvement.

Secondly, Mr. Chairman, I believe the so-called antipirating provisions in the legislation should be strengthened. I hope the House will agree to amend the bill by adding language to the declaration of purpose in section 2, specifying that assistance under the bill shall not be approved in any case where a loss of employment would result in any other area.

I would also hope that antipirating provisions would be strengthened in other relevant sections of the bill by adding language specifically prohibiting the use of assistance not only for relocating establishments but also for transferring production from plants in one area to establishments in a redevelopment area.

Most of us, Mr. Chairman, represent areas which are not yet classified as labor-surplus areas. We have an obligation to help keep these areas economically healthy. It would be futile, wasteful, and tragic if we should write legislation which encouraged, or even permitted, Federal funds to be used which would have the effect of transferring jobs rather than creating new ones.

(Mr. DENTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DENTON. Mr. Chairman, I am in favor of S. 1, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas. For a number of sessions, I have introduced similar legislation.

There is a condition in the district I represent, which illustrates the need for the enactment of depressed areas

legislation. My hometown is the city of Evansville, Ind. It is a community of approximately 140,000. One of the largest industries in the city was Servel, Inc., which at its peak employed about 15,000 people. Three years ago it discontinued operations.

Then, year before last, Chrysler, another large industry employing approximately 6,000 men, moved to St. Louis. A number of other small businesses in Evansville discontinued operations. All told, 20,000 wage earners lost their positions.

If you lived in a community where this happened, I am sure you would know that this was a real calamity. It might happen to any community, where, like Evansville, it was no fault of the community. If some disaster such as a flood, fire, tornado or earthquake, occurred, everyone would spring into action to help the victims. I assure you that a situation such as befell Evansville is a very serious disaster.

The people of the city have made an heroic effort to alleviate the situation. A survey has been made by an expert of the conditions in the community and recommendation made as to what can be done to alleviate the situation. A million dollars has been raised by popular subscription to build plant sites and attract industry to the community, and an additional \$300,000 has been raised for loans to small businesses.

Evansville's Future, Inc., has been set up to deal with every phase of this unemployment problem. Surely, the Government should give some assistance to a community which has made such diligent efforts to rescue itself from such a disaster.

The bill before us provides for loans of \$300 million, and grants of \$95 million. If past experience is any criterion, the money loaned will all be recovered by the Government with interest and profit, so that the only money the Government will be out is the \$95 million, to relieve the entire Nation from this critical situation. I am not opposed to foreign aid if the money is properly spent, but certainly any nation which has spent billions of dollars to relieve distressed areas all over the world can afford to spend \$95 million to aid the depressed areas in its own boundaries.

There is some talk to the effect that distressed areas assistance would pirate and take business from other communities. The act prohibits that, but as one who has lived in a so-called distressed area, I can assure you we have no desire to take business from any other community. We simply know the conditions in an area which has been so disastrously affected. We know it is contagious, and we want to prevent it from spreading to other communities.

Mr. Chairman, I want to go on record as approving the passage of S. 1.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, this is the third time that this committee and the House have considered this type of legislation. The imprimatur of the Congress has twice been placed upon

the principle of this bill, the Congress has decreed twice that there is Federal responsibility to meet this demand, and I am sure this Congress will do the same.

I have heard certain papers read here today, not too well in some cases. The reason why would be obvious. The recent acquaintance with documents causes difficulty in semantics, syntax, and syllables, but when you have been here a hundred years as I have been this is not unusual. Strange little birdies drop stranger specks in certain hands—but this fools no one—unless it is the reader.

This bill does not bear the signet of the Bourbons. "Après moi le deluge" for the first time in these debates has appeared, but only once or twice comes an important phrase in this debate that would lend assistance to trying to help people like mine. But the Bourbons are not dead. Maybe that is good. The contrast is startling on both sides.

Now, Mr. Chairman—and I tell you this because I have lived with it—for 6 years there has not been politics in this bill. I have served as chairman of an unofficial committee to help the leadership with this bill for 6 years, and with the distinguished gentleman from Pennsylvania [Mr. FENTON] and the distinguished gentleman from Pennsylvania [Mr. VAN ZANDT] and a dozen other Representatives of distinction, joined this year by my neighbor and a new Member, the distinguished gentleman from Pennsylvania [Mr. SCRANTON], for years together across this aisle have we joined hands to help the people in the distressed areas. Politics. From the bottom of the barrel came that one and only from a politician.

Now, this bill is not conceived by some long-haired, flat-heeled bureaucrat, somebody left over from the vestigial remainders of the New Deal, not at all. This is no brain child of some campus wonder that often we have all seen trotted in and out of here, and I joined you and you me to deny that paternity. This bill has been written by Republicans and Democrats of distinction and seniority after hearings by the other body, with committees in 20 States for 6 years and by this House with its committee and in 20 States for 6 years. This is the synthesis not of some 90-day wonder but of the best brains in business, in finance, in labor, in every phase of the American economy. So was this bill born. Mark that.

Let me tell you this, and I have a right to say this, because I supported those bills, and I point to the distinguished gentleman from Alabama [Mr. ANDREWS], who sits on the foreign aid Committee on Appropriations, and I sat for years upon the defense Appropriations Committee; there was \$500 million for a special fund for South America last year. To do what? To do exactly what this bill prays you do for the United States. Three hundred and ninety-four million dollars of that five hundred million was earmarked in one check to a special bank to build factories, to give jobs to South Americans.

This is a point 4 program for America. This is a foreign aid bill for my people

and yours. This is bad? Can there be a Member, Republican or Democrat, who ever voted for any foreign aid bill who will vote "no" on this? I challenge you—I dare you. This is money that your people will borrow from your Government, and your people will pay back in American dollars, with interest—every dime. You are giving them nothing. This no giveaway. Socialism? Drivel. I heard that ghost trotted across this well against every piece of constructive legislation that is now part of the body of American law. We have laid that ghost. Where have you been?

But the \$500 million probably will not be paid back and if it is paid back it will be paid back—in dollars? No; in soft currency. To the Treasury of the United States? No; to the revolving fund of the Bank. And my friend the gentleman from Alabama [Mr. ANDREWS] on the record asked the question last year, "Will this be the end, the \$500 million loan to South America?" And the answer was, "No; it will go on for more than 10 years. It will come to \$3 billion." And this bill is one shot for Americans alone, with interest, \$340 million, the exact amount you put on a blank check into the Bank for South America. And this is bad. This will destroy America. This will eat the heart of our poor unemployed who are being prostituted by these Socialists. ANDREWS, of Alabama? There is a Socialist for you, is there not? Look at him.

Dr. FENTON, of Pennsylvania? That bad old Socialist—Doc FENTON? JIMMIE VAN ZANDT, of Pennsylvania, three times national commander of the Veterans of Foreign Wars? JIMMIE's a "Red"? A Socialist? We should laugh off the floor any Member who tries that tack in this debate.

Mr. Chairman, I do not presume to be so impertinent or presumptuous with this committee on both sides to analyze this bill for you section by section. But I can.

DEPRESSED AREAS BILL VITALLY NEEDED

Mr. Chairman, as a further extension of my remarks made during the course of today's floor debate on the depressed areas bill, I submit the following supporting documentation which I feel should be made a part of today's House proceedings so that all who are interested in this vital and necessary program to aid the depressed economic areas throughout the Nation will have these figures on unemployment in various sections of the country on hand for easy reference.

I submit first my home State's unemployment figures—Pennsylvania's areas of substantial labor surplus—second, the surplus labor markets in the Southern States; and, finally, the surplus labor markets in Western, Mountain, and Pacific States; and North Central States:

PENNSYLVANIA'S AREAS OF SUBSTANTIAL LABOR SURPLUS

(Extension of remarks of Hon. DANIEL J. FLOOD, of Pennsylvania, in the House of Representatives, Thursday, March 23, 1961)

Mr. FLOOD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following press release of March 17, 1961, issued by the Bureau of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania, which was sent to me by the secretary of the department, Mr. William L. Batt, Jr. The figures incorporated in this release are broken down by labor-market areas, and it is to be noted that 26 of Pennsylvania's 29 classified labor-market areas are areas of substantial labor surplus.

This report, Mr. Speaker, certainly underscores the need for the passage by the House of the area redevelopment bill, approved last week by a wide margin, 63-27, in the U.S. Senate. These depressed economic areas in Pennsylvania and elsewhere in the country are looking toward this aid for real and solid help to assist them in meeting their long-term, chronic unemployment problems.

The indicated press release follows:

"According to January ratings, and following the national trend, 4 additional labor-market areas in Pennsylvania were classified as areas of substantial labor surplus, bringing the total to 26, according to a report

released today by Secretary of Labor and Industry William L. Batt, Jr.

"The classifications of the areas are made jointly by the U.S. and Pennsylvania Bureaus of Employment Security on the basis of the adequacy of labor supply as of January 15, 1961, and showed 9 major and 17 smaller areas in the substantial labor surplus category. This represented the addition of three major and one smaller areas since the November ratings.

"Layoffs in durable goods industries which were expected to continue over the next few months were primarily responsible for the reclassification of the three major areas, Philadelphia, York, and Allentown-Bethlehem-Easton. In Lock Haven, the smaller area, cutbacks in aircraft manufacturing and the anticipated closing of an electrical machinery plant prompted the labor surplus rating.

"Of these 26 areas, 19 are designated as 'areas of substantial and persistent labor surplus.' This constitutes an increase of three over November, one major, Pittsburgh, and two smaller labor market areas, Indiana and Sayre-Athens-Towanda.

"Since November, classification changes in the Nation as a whole resulted in an increase in the number of major areas of substantial labor surplus from 51 to 76. The number of smaller areas meanwhile rose from 123 to 152. Of the total number of substantial labor surplus areas in the United States, 103 are classified as 'areas of substantial and persistent labor surplus.'

"In January, the U.S. rate of unemployment again remained well below the Pennsylvania rate. The national percent of labor force unemployed in January was 7.7 and the Pennsylvania percentage was 11.4. Seasonally adjusted, the national rate was 6.6.

"The areas in Pennsylvania which are presently classified appear on the list below. Data presented include the estimated total number of unemployed workers as of mid-January and their percentage of labor force unemployed. These data reflect a revised method of computing unemployment. The computations were made in accordance with a new, standardized methodology developed by the U.S. Bureau of Employment Security in cooperation with State agencies. The new method which incorporates newly available data and the results of special studies is designed to establish a uniform system in all the States for estimating the number of jobless workers.

"Labor market area"	Percent of total civilian labor force unemployed Jan. 15, 1961	Percent of total civilian labor force unemployed Nov. 15, 1960	Estimated total number of workers unemployed Jan. 15, 1961	November 1960-January 1961 net change in number unemployed	"Labor market area"	Percent of total civilian labor force unemployed Jan. 15, 1961	Percent of total civilian labor force unemployed Nov. 15, 1960	Estimated total number of workers unemployed Jan. 15, 1961	November 1960-January 1961 net change in number unemployed
Uniontown-Connellsville ¹	27.9	22.1	13,000	+2,900	Sharon-Farrell ²	12.4	9.7	5,900	+1,200
Pottsville (Schuylkill County) ¹	22.1	14.8	16,900	+6,100	Indiana ¹	12.0	9.9	2,600	+400
Kittanning-Ford City ¹	21.1	15.8	4,800	+1,300	Lock Haven ²	11.8	9.3	1,700	+300
Clearfield-Du Bois ¹	17.2	13.3	6,100	+1,400	Berwick-Bloomsburg ¹	11.5	9.0	2,800	+600
Wilkes-Barre-Hazleton ¹	17.1	12.4	23,300	+6,600	Oil City-Franklin-Titusville ²	11.1	9.1	3,300	+600
Johnstown ¹	16.6	16.6	16,200	+200	St. Marys-Emporium ¹	11.0	9.9	2,000	+200
New Castle ¹	16.2	14.1	6,500	+900	Sayre-Athens-Towanda ¹	10.6	8.0	2,100	+500
Lewistown ¹	15.9	9.6	3,500	+1,400	Allentown-Bethlehem-Easton ²	9.9	6.4	22,100	+8,000
Meadville ¹	15.2	12.1	3,500	+700	Williamsport ²	9.9	7.5	4,300	+1,000
Scranton ¹	15.1	11.7	15,200	+3,700	Harrisburg ²	8.0	5.8	13,400	+3,500
Sunbury-Shamokin-Mount Carmel ¹	13.9	10.2	9,100	+2,500	Philadelphia ²	7.7	5.9	142,800	+32,900
Erie ¹	13.8	9.3	13,400	+4,400	York ²	7.4	5.2	7,800	+2,300
Altoona ¹	13.4	12.3	7,100	+600	Reading ²	6.9	4.6	8,600	+2,900
Pittsburgh ¹	12.9	10.6	122,200	+21,500	Lancaster ²	6.1	4.4	7,400	+2,100
Butler ¹	12.7	11.4	4,400	+400					

¹ Area of substantial and persistent labor surplus.

² Area of substantial labor surplus.

FACT SHEET No. 38-G

PART II.—Employment and unemployment in surplus labor markets in Southern States, 1960

State and labor market	Month of report	Civilian labor force	Unemployment	Months of substantial labor surplus			Rates of unemployment, ¹ 1960						1961 January
				1958	1959	1960	July	August	September	October	November	December	
VIRGINIA													
Major:	December 1960	1, 439, 550	63, 350		0	0	4.1	3.7	3.5	3.3	4.0	4.4	5.6
Hampton-Newport News	November 1960	76, 900	3, 200	0	2	0	4.6		3.5		4.2		
Norfolk-Portsmouth	December 1960	186, 200	9, 000	0	0	0	5.0	4.9	4.3	3.8	4.4	4.8	
Richmond	do	201, 300	5, 250	0	0	0	3.5	2.6	2.5	2.2	2.4	2.6	
Roanoke	November 1960	68, 500	4, 900	11	12	12	6.8		6.6		7.2		
Smaller:	do	197, 325	5, 450	0	0	0	2.2		2.3		2.8		
Alexandria-Arlington	do	20, 150	2, 150	12	12	12				12.3			
Big Stone Gap-Appalachia	December 1960	51, 000	3, 250	10	7	6		5.5		5.3		6.4	
Bristol-Johnson City	November 1960	76, 100	2, 925	0	0	2	6.5		3.2		3.8		
Danville-Reedville (N.O.)-Spray, (N.C.)	December 1960	24, 800	1, 250	0	0	2		3.3				5.0	
Harrisonburg	November 1960	60, 000	2, 000	0	0	0	2.7		2.9		3.3		
Lynchburg	December 1960	43, 850	1, 900	0	2	0		3.8		3.4		4.3	
Petersburg	do	17, 375	950	12	3	0		3.4				5.5	
Pulaski	do	26, 175	1, 325	12	3	0		3.4				5.1	
Radford	May 1960	33, 150	2, 850	8	12	12					9.5		
Richlands-Bluefield	December 1960	30, 325	1, 450		0	0		3.0				4.8	
Staunton-Waynesboro	October 1960	19, 975	675	7	7	6				3.4			
Winchester													
MARYLAND													
Major:	November 1960	1, 122, 600	62, 300		4	3	5.3	4.8	4.7	4.7	5.5	6.6	7.8
Baltimore	do	746, 400	43, 000	12	4	3	5.4	5.0	5.0	4.9	5.8	6.6	7.8
Smaller:													
Cambridge	June 1960	14, 325	1, 700	7	12	12		9.0					
Cumberland, Md.-W. Va	August 1960	40, 075	3, 600	12	12	12	9.9	9.0					
Hagerstown	April 1960	36, 875	4, 200	10	12	12				10.6			
NORTH CAROLINA													
Major:	November 1960	54, 100	3, 500	12	5	6	5.4		5.4		6.5		8.7
Asheville	do	132, 140	4, 625	0	0	0	4.0				3.5		4.2
Charlotte	do	49, 775	2, 215	10	8	7	6.0		3.3		4.5		6.0
Durham	do	77, 795	2, 980	0	0	0	3.9		3.2		4.6		5.0
Greensboro	do	41, 365	2, 500						5.7		6.0		8.8
Jamestown-High Point	do	89, 000	3, 200	5	0	0	4.4		3.0		3.6		5.3
Winston-Salem													
Smaller:	September 1960	32, 455	2, 000	12	12				6.2				
Fayetteville	do	33, 285	4, 560	0	10		5.5			6.1			
Hendersonville	February 1960	23, 975	1, 675	12	12			7.1					
Lumberton	June 1960	68, 645	1, 945		4	0				2.6			
Mount Airy	September 1960	28, 160	875		0	0				3.1			
Raleigh	do												
Statesville													
SOUTH CAROLINA													
Major:	December 1960	91, 400	4, 250	0	0	0	3.6	3.6	3.3	3.3	4.9	4.6	6.2
Columbia-Lexington	do	90, 200	3, 750	0	0	0	2.9	2.8	2.9	2.8	4.3	4.2	5.3
Greenville													
WEST VIRGINIA													
Major:	November 1960	94, 350	7, 300	12	12	12	7.2		6.5		7.7		
Charleston	do	91, 300	11, 650	12	12	12	11.7		9.7		12.8		
Huntington-Ashland, W. Va.-Ky.-Ohio	do	77, 200	11, 000	12	12	12	13.6		11.6		14.2		
Wheeling, W. Va.-Bridgeport													
Smaller:	August 1960	21, 540	4, 950	12	12	12		23.0					
Beckley	December 1960	20, 960	4, 150	11	12	12						19.8	
Bluefield	October 1960	28, 520	2, 450	8	12	12					8.6		
Clarksburg	do	22, 780	2, 700	12	12	12					11.9		
Fairmont	August 1960	20, 610	3, 550	12	12	12		17.2					
Logan	October 1960	21, 090	1, 400	8	12						6.6		
Martinsburg	do	18, 390	2, 250	8	12	12					12.2		
Morgantown	do	15, 800	1, 150					7.2			7.3		
New Martinsville	December 1960	39, 860	4, 630	11	12	12						11.6	
Parkersburg	August 1960	35, 130	3, 650	12	12	12		10.4					
Point Pleasant-Gallipolis, W. Va.-Ohio	do	17, 570	1, 850	12	12	12		10.8					
Ronceverte-White Sulphur Springs	December 1960	18, 490	5, 350	12	12	12						28.9	
Welch	do												
ALABAMA													
Major:	do	² 113, 472	81, 700								6.9	7.2	
Birmingham	do	249, 000	16, 700	12	8	7	6.4	6.4	6.4	6.4	7.8	7.4	8.0
Mobile	do	117, 250	7, 600	10	4	5	5.8	5.6	4.7	5.6	6.3	6.5	
Smaller:													
Alexander City	October 1960	18, 945	1, 065	12	3	0	5.8			5.6			7.2
Andalusia	August 1960	13, 700	590		0			4.3					
Anniston	December 1960	34, 045	2, 950	12	7	8	5.8	6.4	6.0	6.1	7.2	8.7	
Decatur	November 1960	22, 705	1, 395	12	7			5.5			6.1		
Dothan	December 1960	20, 440	960		0	1		5.3		4.1		4.7	
Gadsden	November 1960	31, 235	4, 690	12	12	12	12.0	13.8	11.0	14.7	15.0	15.7	17.1
Jasper	December 1960	17, 500	2, 050	12	12	12			9.6			11.7	
Montgomery	do	65, 840	2, 920		2	0	4.6	4.2	3.7	3.5	4.2	4.4	5.3
Selma	October 1960	21, 335	1, 180	12	7	8	8.1			5.5			9.1
Sheffield	December 1960	38, 050	2, 415		9	8		5.4	5.3			6.3	
Tuscaloosa	do	34, 400	1, 600		0	0			3.5			4.6	
MISSISSIPPI													
Major:	do	105, 950	4, 950				4.2	3.9	3.4	3.0	4.1	4.7	
Jackson	do												
Smaller:													
Aberdeen	do	13, 370	920			4	5.5	5.8	4.8	4.6	5.8	6.9	
Biloxi	do	15, 680	1, 410		9	7	5.2	5.1	5.5	5.4	8.0	9.0	
Brookhaven	do	16, 870	1, 440		9	12	8.9	8.1	7.3	7.3	8.3	8.5	
Clarksdale	do	28, 380	1, 200	8	6	3	5.3	5.0	3.1	2.7	2.8	4.2	
Cleveland	do	16, 740	560	7	4	1	2.9	2.5	1.5	1.5	1.8	3.3	
Columbia	do	14, 620	980		12	12	9.4	8.8	8.8	6.7			
Columbus	do	27, 300	1, 000			0	4.2	3.8	4.1	3.9	3.0	3.7	
Corinth	do	26, 310	2, 780		10	12	7.5	7.0	6.2	6.9	9.5	10.6	

Footnotes at end of table.

FACT SHEET No. 38-G—Continued

PART II.—Employment and unemployment in surplus labor markets in Southern States, 1960—Continued

State and labor market	Month of report	Civilian labor force	Unemployment	Months of substantial labor surplus			Rates of unemployment, ¹ 1960						1961 January
				1958	1959	1960	July	August	September	October	November	December	
MISSISSIPPI—continued													
Smaller—Continued													
Greenville	December 1960	27,030	1,830			8	6.2	5.2	4.3	3.2	3.3	6.8	
Greenwood	do	25,110	1,080			3	4.1	4.1	3.2	2.5	2.6	4.3	
Grenada	do	26,540	1,900			5	5.4	4.9	4.8	4.3	5.3	7.2	
Gulfport	do	21,950	1,840		12	12	7.8	8.1	7.5	8.2	9.5	8.4	
Hattiesburg	do	33,450	2,290			12	6.3	6.5	6.1	6.9	6.6	6.8	
Hazlehurst	do	19,450	1,880		10	12	10.6	9.3	8.1	7.3	8.1	9.7	
Indianola	do	14,280	710			3	4.7	3.8	2.4	1.9	2.6	5.0	
Kosciusko	do	15,550	1,640		9	8	5.7	5.1	5.4	5.9	7.5	10.5	
Laurel	do	38,970	3,800		6	12	8.0	6.4	6.4	6.4	8.6	9.8	
Lexington	do	10,760	1,140		5	5	3.1	5.1	4.2	5.6	6.9	10.6	
Louisville	do	24,480	1,410			7	6.4	5.9	5.5	5.3	4.2	5.8	
McComb	do	24,590	1,560	8	1	1	5.0	5.8	4.9	5.5	5.9	6.3	
Meridian	do	34,510	2,360		6	7	5.1	5.1	5.1	5.1	5.9	6.8	
Natchez	do	23,250	1,260			0	4.8	5.3	5.2	4.5	4.4	5.4	
Newton	do	15,110	1,130			4	4.4	4.7	4.0	5.8	6.6	7.5	
Oxford	do	41,740	1,660			3	3.6	3.4	3.1	3.1	3.1	4.0	
Pascagoula	do	20,970	2,310		12	12	7.6	8.6	6.7	9.9	10.6	11.0	
Picayune	do	7,210	540		10	12	8.4	8.6	7.8	6.8	7.9	7.5	
Tupelo	do	41,410	3,190		5	7	5.7	5.2	5.0	6.0	6.5	7.7	
Vicksburg	do	21,010	1,210		6	4	5.7	5.9	4.8	4.5	4.7	5.8	
West Point	do	13,560	630	12	7		4.8	3.4	3.7	3.9	4.2	4.6	
Yazoo City	do	17,910	1,120			1	3.7	3.6	3.1	2.8	4.2	6.3	
KENTUCKY													
Major: Louisville	do	299,500	21,000		8	10	6.6	6.0	5.6	6.1	7.2	7.0	8.3
Smaller:													
Corbin	March 1960	26,550	3,050	12	12	12							
Hazard	do	19,150	2,500	12	12	12							
Hopkinsville	April 1960	28,350	2,350	12	12	12							
Madisonville	March 1960	26,000	2,750	12	12	12							
Middlesboro-Hariian	do	26,000	2,750		12								
Morehead-Grayson	do	24,250	3,850		12								
Owensboro	April 1960	27,700	2,050										
Paducah	May 1960	43,550	3,900										
Paintsville-Prestonburg	March 1960	22,950	3,450		12								
Pikeville-Williamson	April 1960	23,100	3,850		12								
TENNESSEE													
Major:													
Chattanooga	December 1960	² 119,600	8,000	12	10	11	6.8	6.3	5.6	6.0	6.0	6.7	
Knoxville	do				4	7	5.3	5.4	5.1	5.6	6.2	6.5	
Memphis	do	² 239,216			3	0	4.8	4.8	4.5	4.6	5.1	5.1	
Nashville	do	² 170,000	7,650		0	0	4.1	3.5	3.5		4.1	4.5	
Smaller:													
Bristol-Johnson City-Kingsport	October 1960				4	12		6.2		6.0			
La Follette-Jellico-Tazewell	April 1960	59,200	16,300	12	12					13.0			

¹ Percent of civilian labor force.² Estimated.

Source: State employment security agencies.

FACT SHEET No. 38-G

PART III.—Employment and unemployment in surplus labor markets in North Central States, 1960

State and labor market	Month of report	Civilian labor force	Unemployment	Months of substantial labor surplus			Rates of unemployment, ¹ 1960						1961 January
				1958	1959	1960	July	August	September	October	November	December	
INDIANA.....	December 1960.....	1,803,900	123,400	-----	3	2	5.0	5.1	4.1	4.3	6.1	6.8	8.7
Major:													
Chicago, Ill.-Ind.....	do.....	216,700	20,200	11	-----	5	6.3	6.5	5.5	6.3	8.8	9.3	9.9
Evansville.....	do.....	77,000	5,000	12	12	11	6.4	6.3	5.9	6.1	6.5	6.5	7.9
Fort Wayne.....	do.....	95,800	6,000	12	3	2	5.2	5.0	4.7	5.4	6.6	6.3	7.0
Indianapolis.....	do.....	336,100	18,000	-----	2	0	4.6	4.7	4.3	4.3	4.9	5.4	6.4
South Bend.....	do.....	94,700	9,000	12	4	4	-----	11.3	5.9	5.4	6.4	9.5	11.1
Terre Haute.....	November 1960.....	43,700	3,200	12	10	12	6.5	-----	6.5	-----	7.3	-----	9.7
Smaller:													
Connersville.....	March 1960.....	65,600	22,040	12	12	-----	-----	-----	7.0	-----	-----	-----	-----
Muncie.....	November 1960.....	42,300	2,800	12	5	10	6.8	-----	-----	5.8	6.6	-----	9.7
Vincennes.....	February 1960.....	43,600	15,100	12	12	-----	-----	5.2	-----	-----	-----	-----	-----
MICHIGAN.....	December 1960.....	2,892,000	240,000	-----	12	11	7.6	8.7	6.2	5.8	6.7	8.3	10.8
Major:													
Battle Creek.....	do.....	56,600	4,500	12	2	7	5.4	4.9	4.4	4.8	6.8	8.0	8.6
Detroit.....	do.....	1,408,600	125,000	12	12	12	8.6	9.6	6.9	6.8	7.3	8.9	11.6
Flint.....	do.....	140,500	3,600	10	11	6	9.3	19.0	5.3	3.0	2.4	2.6	5.1
Grand Rapids.....	do.....	138,500	8,000	12	4	3	6.5	6.8	4.8	4.0	5.2	5.8	7.1
Kalamazoo.....	do.....	67,400	3,800	-----	0	0	3.8	4.1	3.3	4.0	5.1	5.6	7.0
Lansing.....	do.....	111,300	4,400	11	3	0	5.4	5.3	4.0	3.3	4.0	3.9	5.7
Muskegon.....	do.....	55,900	6,500	12	6	8	9.7	10.0	9.4	9.9	10.6	11.6	11.8
Saginaw.....	do.....	67,200	3,900	10	2	1	4.9	10.4	4.0	3.9	4.8	5.8	7.9
Upper Peninsula.....	do.....	97,100	11,800	12	7	7	4.6	4.8	5.1	5.2	9.8	12.2	15.3

Footnotes at end of table.

FACT SHEET No. 38—G—Continued

PART III.—Employment and unemployment in surplus labor markets in North Central States, 1960—Continued

State and labor market	Month of report	Civilian labor force	Unem- ploy- ment	Months of sub- stantial labor surplus			Rates of unemployment, ¹ 1960						1961 Janu- ary
				1958	1959	1960	July	Aug- ust	Sep- tember	Octo- ber	No- vember	De- cember	
MICHIGAN—continued													
Smaller:													
Adrian	March 1960	64,600	1,700	12	12			9.6					
Bay City	December 1960	35,100	4,000	12	12	12	11.1	13.9	8.6	8.3	9.2	11.4	14.0
Benton Harbor	do	56,600	3,700	11	3	1	3.7	3.8	2.9	3.1	3.9	6.5	10.0
Iron Mountain	June 1960	14,900	700	12	12			5.2					
Jackson	December 1960	47,100	3,600	12	5	7	7.9	7.5	5.6	5.6	6.2	7.6	9.2
Marquette	June 1960	16,400	700	12	12		4.2						
Monroe	March 1960	² 22,916	2,200	11	12				7.8				
Port Huron	December 1960	33,300	2,900	12	12	12	8.6	7.7	7.2	6.9	7.6	8.7	13.4
ILLINOIS													
Major:	September 1960	4,264,500	208,000	12	3	0	5.3		4.9				
Chicago	October 1960			11	4	0	5.2		4.5		5.2		6.5
Davenport	September 1960	105,200	5,300		0	0	4.4		5.0				
Peoria-Pekin	November 1960	120,900	7,700	12	1	2	5.9	5.9	5.9		6.4		8.9
Rockford	September 1960	82,000	3,500	9	0	0	4.3		4.3				
Smaller:													
Centralia	November 1960	24,300	2,500	12	12	12					9.9		
Harrisburg	September 1960	22,550	2,100	12	12	12			9.3				
Herrin-Murphysboro-West Frankfort	August 1960	68,300	9,800	12	12	12		14.3					
Litchfield	do	25,175	1,950	12			6.4						10.8
Mount Carmel-Olney	June 1960	21,200	1,475	12	12								
Mount Vernon	October 1960	24,600	2,050	12	12	12				8.3			
St. Louis	September 1960	159,700	10,600	12	6				6.6				
Springfield	December 1960	64,800	4,400		3	8	4.9						7.2
OHIO													
Major:	May 1960	69,000	4,500	12	12		7.7		7.6		9.7		
Smaller:													
Ashtabula-Conneaut				12	10	12				8.9			
East Liverpool-Salem				12	12	12							
Kent-Ravenna				12	0	12		7.0		8.0		5.1	7.2
Portsmouth-Chillicothe	May 1960	63,800	4,700	12	12						9.0		
WISCONSIN													
Smaller:													
La Crosse	January 1960	30,180	3,205	12	12	12	6.8						

¹ Percent of civilian labor force.² Estimated.

Source: State employment security agencies.

FACT SHEET No. 38—G

PART IV.—Employment and unemployment in surplus labor markets in Western, Mountain, and Pacific States

Region, State, and labor market	Month of report	Civilian labor force	Unemployment	Months of substantial labor surplus			Rates of unemployment, ¹ 1960						1961 January
				1958	1959	1960	July	August	September	October	November	December	
WEST NORTH CENTRAL													
IOWA													
Smaller:													
Sioux City	December 1960	44,370	3,220		0	4	3.9	3.4	3.1	2.9	4.4	7.3	8.6
Waterloo	do	48,320	1,270		0	4	3.0	2.6	1.7	1.5	2.6	2.6	
KANSAS													
Major:	August 1960	² 839,475	31,900			1		3.8				4.6	
Kansas City	June 1960	² 96,600	5,600			12						6.4	6.7
Wichita	November 1960	² 145,340	6,250		0	2	4.8	4.3	4.2	4.0	4.3	4.8	6.0
Smaller:													
Coffeetown-Independence-Parsons	May 1960	28,700	1,770		12	12					8.2		
Pittsburg	November 1960	² 21,153	1,650		12	12	7.6		6.2		7.8		9.3
Salina	September 1960	² 15,625	250			2	2.3		1.6				
Topeka	December 1960	² 57,293	2,350		0	1	2.2				2.9	4.2	4.8
MINNESOTA													
Major:	do	1,342,400	94,600		4	6	4.0	3.5	3.3	3.4	5.3	7.0	9.4
Duluth-Superior	November 1960	64,500	5,200		12	12	6.3		6.0		8.1		12.2
St. Paul-Twin Cities	do	623,800	24,800		2	1	3.7	3.2	3.1	3.1	4.0	5.3	6.9
MISSOURI													
Major:													
Kansas City				12	4	8	8.3		6.0		6.1		
St. Louis							5.1		4.9		5.8		
Smaller:													
Flat River	June 1960	28,950	4,900	12	12	12	16.9						
Hannibal				12	12	12							
Joplin	May 1960	33,000	3,000	12	12	12					10.7		
Marshall				12	12	12							
Washington	April 1960	17,500	2,600	12	12	12				15.3			
WEST SOUTH CENTRAL													
ARKANSAS													
	December 1960	² 662,337	51,000		5	5	4.9	4.9	4.0	3.8	5.5	7.7	

Footnotes at end of table.

FACT SHEET No. 38-G

PART IV.—Employment and unemployment in surplus labor markets in Western, Mountain, and Pacific States—Continued

Region, State, and labor market	Month of report	Civilian labor force	Unemployment	Months of substantial labor surplus			Rates of unemployment, ¹ 1960						1961 January
				1958	1959	1960	July	August	September	October	November	December	
WEST SOUTH CENTRAL—Con.													
OKLAHOMA													
Major:		878,100	44,600		2	2	4.6	4.5	4.2	4.2	5.1		
Oklahoma City	November 1960	206,300	7,100		0	0	3.2	2.8	2.7	2.9	3.4		
Tulsa	do	161,100	7,800		0	0	4.0	3.8	3.9	4.1	4.8		
Smaller:													
Ardmore	do	14,150	750		4	6	5.6	5.6	5.3	5.0	5.3		
Enid	do	18,225	550		0	2	3.2	2.9	2.8	2.5	3.0		
Kay County	do	18,975	675						2.6	2.9	3.6		
Lawton	do	19,825	975		1	2	4.1	3.9	3.7	4.4	4.9		
McAlester	do	11,300	1,200	12	12	12	7.5	7.5	9.0	10.3	10.6		
Muskogee	do	21,750	1,775	12	12	12	7.9	7.7	6.6	6.1	8.2		
Okmulgee-Henryetta	March 1960	16,675	1,325	12	12	12			6.1				
TEXAS													
Major:	December 1960	2 3,613,200	191,500		0	0	4.9	4.8	4.7	4.7	5.1	5.5	6.3
Austin	do	81,520	3,700		0	0	4.0	3.6	3.5	3.6	4.2	4.5	5.3
Beaumont-Port Arthur	do	117,020	7,900	12	12	11	6.9	6.5	5.6	6.3	6.6	7.2	9.1
Corpus Christi	do	73,750	5,115	11	7	9	6.1	5.0	5.2	5.8	6.8	6.8	8.8
Dallas	do	476,110	24,200		0	0	4.3	4.4	3.7	3.6	4.5	4.9	5.8
El Paso	do	102,075	4,925		0	0	5.6	5.2	4.8	4.4	4.7	4.8	6.0
Fort Worth	do	231,100	12,600		2	0	4.5	4.5	4.2	4.4	5.3	4.9	6.1
Houston-Baytown	do	547,890	27,300		0	0	4.5	4.3	4.5	4.5	4.7	5.0	5.8
San Antonio	do	221,575	9,775		0	0	5.4	4.7	3.8	3.7	4.1	4.4	4.7
Smaller:													
Abilene	do	35,265	2,000		0	1	5.9	5.9	5.8	5.7	5.8	5.4	6.3
Amarillo	do	59,155	3,300		0	0	3.9	3.3	3.1	3.5	4.3	5.6	7.3
Galveston-Texas City	September 1960	56,250	3,600	12	12	9	6.2	6.7	6.4		4.8	4.8	
Laredo	March 1960	23,254	2,300	2	12	12			9.5				
Longview	December 1960	31,485	1,550		0	0	4.1	4.2	4.7	4.9	5.0	5.1	5.6
Lubbock	do	63,185	2,300		0	0	3.8	4.0	3.6	3.0	3.4	3.6	4.7
Midland-Odessa	do	56,310	2,600		0	0	4.7	4.6	4.4	4.2	4.3	4.6	4.6
San Angelo	do	24,080	1,275		3	0	4.9	4.8	4.5	4.7	5.4	5.3	6.8
Texarkana	do	36,835	2,975	12	10	12	6.8	6.6	6.4	6.9	7.6	8.1	8.5
Waco	do	56,600	2,975		1	3	4.8	4.6	4.0	4.4	4.6	5.3	6.5
Wichita Falls	do	46,755	2,650		0	3	5.2	4.8	4.5	5.0	5.1	4.0	4.4
MOUNTAIN													
MONTANA													
Smaller:													
Butte					12	12							
Kalispell					12	12							
COLORADO													
Major:	December 1960	678,090	35,230		0	0	3.2	3.0	2.8		4.3	5.2	
Denver	do	349,550	12,850		0	0	2.8	2.6	2.3		3.0	3.7	
Smaller:													
Alamosa	do	8,850	750		2	6	2.4	1.9	2.2		8.5	8.5	
Boulder	do	16,600	800		1	0	5.8	4.7	4.6		4.8	4.8	
Canon City	do	5,590	750		1	5	5.3	5.8	5.3		6.4	7.7	
Colorado Springs	do	45,450	3,250		4	5	4.8	4.4	4.7		6.5	7.2	
Cortez	do	9,600	600		0	3	2.8	2.8	2.6		3.8	6.3	
Craig	do	3,900	200		0	1	.6	1.2	1.3		3.4	5.1	
Delta	do	7,750	400		0	0	2.6	1.9	1.3		3.2	5.2	
Durango	do	7,900	450		3	3	3.0	3.6	3.7		4.9	5.7	
Fort Collins	do	14,580	760		0	0	2.0	2.6	2.4		4.5	5.2	
Fort Lupton	do	10,100	600		0	1	.6	.6	.9		2.2	5.9	
Fort Morgan	do	14,500	450		0	0	1.4	1.2	1.0		2.1	3.1	
Glenwood Springs	do	6,600	500		1	5	1.7	1.1	1.4		6.8	7.6	
Grand Junction	do	21,800	1,600		0	1	2.9	1.6	1.7		5.8	7.3	
Greeley	do	20,795	795		0	2	1.0	.9	1.4		2.2	3.8	
Gunnison	do	2,800	175		2	4	.8	.8	.9		5.4	6.3	
La Junta	do	10,880	710		0	1	4.2	2.7	3.8		5.5	6.5	
Lamar	do	9,540	410		0	0	1.7	1.6	1.9		3.7	4.3	
Leadville	do	4,025	440		8	8	9.4	12.2	18.7		19.2	10.9	
Longmont	do	8,300	600		0	4	3.4	3.0	3.0		4.8	7.2	
Loveland	do	9,400	500		0	3	3.4	3.9	4.1		4.8	5.3	
Monte Vista	do	6,650	400		0	3	2.9	1.5	.6		5.3	6.0	
Montrose	do	8,350	450		0	0	1.8	1.9	1.2		3.3	5.4	
Pueblo	do	40,225	4,400	8	4	8	7.4	8.9	7.1		11.3	10.9	
Rocky Ford	do	4,450	350		0	4	1.1	1.2	1.0		2.2	7.9	
Salida	do	4,095	160		0	0	1.1	1.5	1.6		2.4	3.9	
Steamboat Springs	do	3,900	250		2	1	1.2	1.2	1.3		3.8	6.4	
Sterling	do	12,625	225		0	0	.9	1.1	.9		1.5	1.8	
Trinidad	do	6,885	1,400		8	8	6.8	6.5	7.0		8.1	20.3	
Walsenburg	do	2,400	325	7	4	8	12.9	11.5	9.4		9.8	13.5	
IDAHO													
	do	250,100	19,300	5	3	4	3.6	3.6	3.5	3.7	5.6	7.7	9.9
PACIFIC													
WASHINGTON													
Major:	do	1,084,800	83,600	12	5	6	4.8	5.2	4.8	5.3	7.1	7.9	9.4
Seattle	August 1960	455,900	23,100	6	2	5	5.0	5.1					
Spokane	do	98,800	5,500	12	6	7	5.5	5.6	5.6		7.7		
Tacoma	do	107,600	6,200	12	5	5	5.5	5.8	5.6		7.9		
Smaller:													
Aberdeen	February 1960	27,740	2,040					7.5					
Anacortes	August 1960	22,180	1,360	12	8		4.6	6.1					
Bellingham	do	28,630	1,400	12	7		5.7	4.9					
Bremerton	March 1960	27,180	1,960	12	12			5.6					
Everett	August 1960	46,540	3,570	12	6		7.0	7.7					
Port Angeles									7.0				

Footnotes at end of table.

FACT SHEET No. 38-G

PART IV.—Employment and unemployment in surplus labor markets in Western, Mountain, and Pacific States—Continued

Region, state and labor market	Month of report	Civilian labor force	Unemployment	Months of substantial labor surplus			Rates of unemployment, ¹ 1960						1961 January
				1958	1959	1960	July	August	September	October	November	December	
PACIFIC—Continued													
Major: OREGON.....	December 1960.....	700,300	52,300	-----	3	5	4.0	3.9	3.6	4.4	6.2	7.5	9.4
Portland.....	do.....	344,600	22,200	9	3	3	4.1	4.1	3.9	4.3	6.0	6.4	8.6
Major: CALIFORNIA.....	November 1960.....	6,465,000	349,000	-----	2	0	5.3	4.9	4.5	4.6	5.4	6.1	-----
Bakersfield.....	December 1960.....	114,900	8,300	-----	6	6	5.5	4.2	4.3	3.7	6.6	7.2	9.5
Fresno.....	do.....	162,675	10,300	-----	2	4	3.3	4.0	3.0	3.8	5.6	6.3	11.9
Los Angeles-Long Beach.....	do.....	2,969,900	178,100	-----	0	2	6.1	5.8	5.5	5.4	5.8	6.0	7.1
Sacramento.....	do.....	206,250	10,350	-----	0	0	3.4	2.8	2.3	2.0	3.8	6.2	6.9
San Bernardino-Ontario-Riverside.....	do.....	279,300	21,500	-----	0	4	6.1	6.2	5.7	5.9	7.7	7.7	7.7
San Diego.....	do.....	341,000	24,800	0	0	7	6.5	6.4	6.9	6.6	6.7	7.3	7.9
San Francisco-Oakland.....	do.....	1,226,500	68,500	-----	0	0	4.7	4.3	3.9	4.0	5.1	5.6	6.4
San Jose.....	do.....	259,800	17,800	-----	3	4	4.4	3.6	2.9	4.6	5.8	6.9	7.6
Stockton.....	do.....	106,025	8,850	-----	5	6	4.2	3.2	2.4	2.4	6.4	8.3	12.3
Smaller: Modesto-Turlock.....	do.....	66,550	7,700	-----	6	8	5.9	3.0	3.0	2.7	9.1	11.6	13.5
ARIZONA.....	do.....	485,200	26,200	-----	0	0	4.1	4.2	4.0	4.2	5.0	5.1	6.0
HAWAII.....	do.....	² 231,764	7,880	0	0	0	3.3	3.1	3.1	3.1	3.4	3.2	3.5
Oahu.....	do.....	² 180,333	5,410	-----		0	2.9	2.8	2.8	2.8	3.1	2.8	3.2
Hawaii.....	do.....	² 23,478	1,080	-----		3	6.2	5.5	4.1	3.9	4.0	4.3	4.7
Maui.....	do.....	² 13,673	670	-----		0	3.4	3.7	4.2	4.1	4.4	4.4	4.5
Kauai.....	do.....	² 10,689	620	-----		0	3.9	4.0	4.8	5.2	5.7	5.2	5.5
Lanai-Molokai.....	do.....	² 2,857	100	-----		0	1.3	1.4	3.0	3.1	3.3	3.4	3.4
OUTLYING AREAS													
ALASKA													
Anchorage.....	February 1960.....	21,240	1,730	12	12	-----	-----	-----	-----	-----	-----	-----	-----
Fairbanks.....				12	12	-----	-----	-----	-----	-----	-----	-----	-----
Juneau.....				12	10	-----	-----	-----	-----	-----	-----	-----	-----
Ketchikan.....				12	6	-----	-----	-----	-----	-----	-----	-----	-----
Petersburg.....				12	6	-----	-----	-----	-----	-----	-----	-----	-----

¹ Percent of civilian labor force.² Estimated.

Source: State employment security agencies.

Mr. Chairman, this is the fourth Congress in which I have introduced an area redevelopment bill. The Senate has approved such a bill on four occasions, the latest on March 15 of this year by a vote of 63 to 27. Twice previously the Congress has adopted such a vital program and on each occasion it was vetoed by the former President.

I sincerely hope this Congress will consider the bill favorably and with a sense of urgency.

Rising unemployment and inadequate economic growth have accentuated the problems of unemployment throughout the Nation. Today there are nearly 5 million in this country out of work and in my congressional district of Luzerne County, Pa., the total unemployed is currently 17.1 percent of the work force, some 23,000 looking for gainful employment. Mr. Chairman, this is a tragic and an appalling thing to realize and contemplate. Twenty-three thousand in just one congressional district. Think of it.

Moreover, Mr. Chairman, the number of distressed economic areas has increased sharply in recent months, with some 101 out of a total of 150 major industrial areas now classified as distressed areas, according to an announcement just last week by the Department of Labor.

Unemployment throughout the Nation now exceeds 6 percent, but unemployment in the distressed areas is nearly twice as high, and in many communities it exceeds depression proportions of 15

percent or more, such as the conditions found in my congressional district.

There are also hundreds of counties in predominantly rural areas where incomes are extremely low and unemployment is extremely high. These counties have an additional population of from 4 to 7 million.

The express purpose of my bill, Mr. Chairman, is to establish an effective program for reducing substantial and persistent unemployment and underemployment in the distressed areas of the Nation and to help maintain a continuing high level of economy throughout the United States.

This economically unhealthy situation as we find at the present time creates hardship to many millions of individuals and their families and impairs the national welfare by wasting human resources. My bill will assist communities, industries, enterprises, and individuals in distressed economic areas to achieve lasting local improvements by the development of new employment opportunities.

Mr. Chairman, it is now generally accepted that the Federal Government has a responsibility to help assure maximum employment. This principle is now a part of the law of the land, through the enactment of the Employment Act of 1946. The persistence of high unemployment and underemployment in many areas should be fought by the Federal Government, not only because it causes great human suffering in these areas, but also because these conditions

are a threat to the general welfare of the Nation.

The bill which I offer, Mr. Chairman, recognizes this responsibility to the areas of chronic unemployment and underemployment and provides for a program which will help the people of these areas expand their economic activities. The bill also proposes a program which will stimulate these areas to help themselves.

I sincerely hope that the House will adopt the bill which I have submitted, the same as that passed on March 15 of this year by an overwhelming vote in the U.S. Senate with Senator PAUL DOUGLAS, of Illinois, spearheading the attack and guiding it through that body to successful passage. This program, Mr. Chairman, is indeed very badly needed and needed right now.

Mr. Chairman, before this session of Congress ends it is my hope and the hope of many of my colleagues that the House and the Senate will have agreed upon an adequate and effective bill to aid the many U.S. communities suffering from chronic and persistent unemployment.

The Area Redevelopment Act, sponsored as S. 1 by the Honorable PAUL DOUGLAS in the Senate, was passed on March 15, 1961, by the Senate by a 63 to 27 rollcall vote.

Mr. Chairman, I share with my colleagues and with thousands of unemployed Americans throughout our Nation the fervent hope that the House will soon have an opportunity to act upon this proposal.

One of the groups which has led the fight for area redevelopment legislation is the Area Employment Expansion Committee, of 99 University Place, New York, 3, N.Y.

Recently this organization prepared an excellent summary and legislative history of the fight for area redevelopment legislation. I should like to list the table of contents of this fine and comprehensive piece of research work:

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I. Introduction.....	1
II. History of Federal Action Respecting Distressed Areas.....	1
III. Legislative History Relating to Area Redevelopment Bills.....	2
IV. Legislation: Principles and Comparison of Bills.....	3
V. Need for Area Redevelopment Legislation.....	4
VI. Response to Opponents of Area Redevelopment.....	7
VII. Positive Features of Bill.....	8
VIII. Organizations Which Support the Legislation.....	8

Mr. Chairman, I take pleasure in the opportunity to bring this fine research to the attention of Members of Congress by joining with several of my colleagues to insert the entire text in the CONGRESSIONAL RECORD:

1. INTRODUCTION

Proposals for area redevelopment legislation have been before the U.S. Congress for more than a decade. The basic principles have been endorsed by both parties in convention and by their leaders. Differences have involved the amounts of the assistance, the need for integrating rural and urban area redevelopment, the proposals for loans and grants for public facilities, the provision for subsistence grants for the unemployed who are being retrained, and the administrative machinery for carrying out the program.

The needs of the chronic labor surplus areas are most urgent. Their problems become more intense and their solution more complicated the longer they persist. The human, social, and capital waste is high. The cost is a tremendous burden upon our communities and State and Federal Governments.

It should be emphasized that in virtually every case these local communities have exerted the maximum effort of which they are capable toward their own economic rehabilitation. Residents of the stricken communities have literally given till it hurts to raise money for industrial site preparation, plant construction, and other services necessary to attract industry. The simple truth is that, in most cases, local financial resources have been exhausted.

So long as these communities remain unassisted in their efforts at redevelopment the Nation is neglecting its commitment under the Employment Act of 1946 to achieve maximum employment, production and purchasing power.

The American people have undertaken to finance economic redevelopment of the distressed and underdeveloped areas in foreign countries. It appears appropriate that we establish a similar program for our own people confronted with comparable problems. If a point 4 program is a good program for us to carry on overseas, it is doubly worthy for us to carry on at home.

II. HISTORY OF FEDERAL ACTION RESPECTING DISTRESSED AREAS

A. Urban areas.

The initial interest in the problem of dis-

tressed areas can be traced back to the recession of 1949. There have been persistent subsequent efforts to provide some assistance to these communities, but these steps have been largely temporary and inadequate.

1. The E area program (1949-50).

The executive branch of the Government ordered that aid be given to the E labor market (very substantial labor surplus) by channeling regularly budgeted Federal activities, primarily procurement and construction, to these areas. In all, 62 areas became eligible at one time or another but only 36 shared in the modest consideration. Some observers doubt that any substantial priorities were given these areas.

2. Defense manpower policy No. 4 (February 1952).

This policy was designed for labor surplus communities adversely affected by the cessation of military contracts. In the 85 months through March 1959, contracts amounting to only \$213 million were allocated to these areas by virtue of DMP No. 4.

3. Extra accelerated tax amortization (November 1953).

The program for rapid tax amortization for investments in facilities needed for the Nation's industrial mobilization base was further liberalized first for chronic and later for all substantial labor surplus areas. Through April 1959, only 71 facilities were located in 38 areas, for an investment of \$318 million, providing jobs for approximately 16,625 workers. This program ceased functioning at the close of 1959.

4. Buy American Act.

American producers supplying goods substantially all of which are produced in areas of substantial unemployment may enjoy a price differential of either 12 or 20 percent depending upon the formula. No data are available on the benefits.

5. U.S. Employment Service.

Since 1949 this Service has helped a number of communities in their developmental activities by providing information on the local labor markets and labor supply but it has been limited by inadequate staff resources.

6. Office of Area Development (U.S. Department of Commerce).

This office has provided technical pamphlets and statistical studies to all communities seeking help and information to attract new industries without regard to their employment experience.

7. Urban planning grants (HHFA).

Section 701 is designed to aid long-term planning by communities of less than 50,000 population and counties of less than 25,000 population suffering from major natural disasters or rapid urbanization following Federal installations. No special provision is made for distressed areas.

8. Urban renewal (HHFA).

This program aids communities to eliminate slums and blight in predominantly residential areas. No special provision is made for distressed areas.

9. Community facilities (HHFA).

(a) The program for public facility loans may be used by a community of less than 10,000 population for water and sewer systems if it has been denied credit by at least two lending institutions and submits evidence of an ability to repay. No special provisions are made for distressed communities.

(b) The program for interest-free advances for public works planning, which have gone primarily for sewage and water systems, is limited in amount. There is no special provision for distressed areas.

10. President Eisenhower in 1960 set up an interdepartmental committee to "coordinate Federal urban area assistance" which is staffed by the Office of Area Development of the U.S. Department of Commerce.

B. Rural areas.

A rural redevelopment program was instituted in June 1955 to increase productivity of low-income farm people; increase prospects for employment in part-time and non-farm jobs by encouraging nonagricultural outlets in rural areas; increase opportunities for young people to secure training; and raise the social and economic standards in low-income rural areas. The primary responsibility is lodged with the U.S. Department of Agriculture.

Appropriations consisted of \$2,061,645 in fiscal 1957 distributed among the Agricultural Extension Service, Soil Conservation, Agricultural Research Service, Agricultural Marketing Service, Farmers Home Administration, and some information and administrative offices.

In the fourth annual report covering the years 1958-59 the Secretary of Agriculture reported that some 200 counties in 30 States and Puerto Rico had been included in the rural development program areas.

In October 1959, the President formally constituted a committee for rural development programs, supplanting the earlier committee which had been operating informally.

Thus the need for rural redevelopment has long been recognized. The program established by S. 722, described later in this document, insures that this recognized need will be adequately met.

III. LEGISLATIVE HISTORY RELATING TO AREA REDEVELOPMENT BILLS

A. S. 281 introduced in 1949 sought to implement the Employment Act of 1946 and in title V provided specific aids to areas of serious employment. After certification such areas would be examined and measures for economic adjustment would be recommended for them. It provided for placement of Government contracts in these areas; RFC loans to private industry; an unemployment emergency reserve fund; retraining facilities; relocation funds; maintenance allowances for trainees.

B. In 1950 a similar measure was introduced, entitled H.R. 7444.

C. Republican candidate Eisenhower in his 1952 speech at Lawrence, Mass., promised to help hard-hit communities.

D. The March 1955 report of the Joint Committee on the Economic Report urged that loans and technical assistance be extended to distressed areas. The committee declared that "we are very concerned with distressed conditions which persist in certain industries and regions, even in an expanding economy. We believe that action is required now and that much can be done through public works to assist these communities. The Federal Government should recognize its responsibility to those areas and industries by promoting research to discover new products and new processes. Consideration should be given to the possibility of modifying the unemployment compensation programs to meet the special problems of retraining and readjusting facing these areas. Loans, technical assistance and, as the President recommends, an expanded area development program should be provided for these areas to help them to adapt to changed economic conditions." The Democratic members of the committee criticized the Economic Report of the President for identifying the problem as a local rather than as a national one. The committee itself declared that "we must recognize and deal with unemployment as a local as well as a National and State problem. The failure of the executive branch to show sufficient vigor in its approach to this problem disturbs us. It should have occupied a high place in the Economic Re-

port." (Statement of supplemental views of Senators Douglas, Sparkman and O'Mahoney, Representatives Patman, Bolling, Mills and Kelly.)

E. Senator PAUL DOUGLAS introduced the Depressed Areas Act (S. 2663) in July 1955 to provide assistance for distressed areas.

F. The Subcommittee on Low-Income Families of the Joint Committee on the Economic Report recommended in January 1956 that "there be established in the executive branch of the Federal Government a central group with the responsibility of preparing a coordinated comprehensive program aiding currently depressed industrial and rural areas."

G. The President's Economic Report for 1956 reversed its position of the prior year and concluded that the "fate of distressed communities is a matter or national as well as local concern," and recommended special legislation. The report further added that "although these (administrative) programs have proved helpful, experience demonstrates that bolder measures are needed. To this end, a new area assistance program is recommended for aiding a community that experienced persistent and substantial unemployment."

H. Senator SMITH, of New Jersey, introduced the administration's bill (S. 2892) entitled "Area Assistance Act of 1956."

I. The Senate in the 84th Congress, 2d session, passed a revised Douglas bill. It was reported out by the House Banking and Currency Committee but it died in the House Rules Committee.

J. Both major parties in their 1956 platforms called for Federal legislation to aid economically distressed areas.

K. In the 85th Congress, Senator DOUGLAS and cosponsors introduced a slightly revised version of the bill considered in the preceding Congress (S. 1433) which was followed by another administration bill (S. 9641). Hearings were held in the first session. A clean bill (S. 3684) was reported out in the second session by the Senate Committee on Banking and Currency. This bill passed the House with some slight amendments and was finally sent to the President at the end of the session. The President pocket-vetoed the bill on September 6, 1958.

L. In the 86th Congress, Senator DOUGLAS introduced a similar bill (S. 722) which was followed by the administration bill called Area Assistance Act of 1959 (S. 1064). After some modifications, S. 722 was passed by the Senate. The House Banking and Currency Committee revised the Senate bill and asked for a rule from the House Rules Committee. The report of the House Banking and Currency Committee was filed May 14, 1959 and is House Report No. 360.

M. The Special Senate Committee on Unemployment Problems conducted a series of hearings on unemployment in many major centers at the end of 1959 and the beginning of 1960. These hearings brought to light the plight of the distressed areas. The recommendations of this special committee can be obtained by contacting the committee in Room 357 of the Senate Office Building, Washington 25, D.C.

N. The Joint Economic Committee conducted an extended series of hearings on "Employment Growth and Price Levels" during 1959. Both the staff and committee reports urged action on distressed areas.

1. The staff report declared that "Federal leadership is needed to assist the recovery of a number of chronically distressed areas. Both technical and long-term financial aid will probably be required. Assistance pro-

grams should be of sufficient scope to justify the expectation that the areas will become self-sustaining within a reasonable period. While some nonrecoverable costs may be incurred by the Federal Government in this effort, a well-planned program for reviving the chronically depressed areas should result in a net economic and social gain to the country" (Staff Report, p. xxix).

2. The Joint Economic Committee in its report concluded that "a program of assistance to chronically depressed areas should be started. Both technical and long-term financial aid will be required to help these areas to become self-sustaining and to help themselves. Where necessary, retraining of workers should be undertaken, particularly where the long-term outlook for an area is poor" (Senate Rept. No. 1043, p. 54).

O. The 1960 Economic Report of the President declared:

"Legislation is needed, however, to supplement and strengthen these efforts to help areas of persistent unemployment create new job opportunities. Such legislation should stimulate and complement efforts of communities to help themselves, should promote maximum participation by private financial institutions and by State and local agencies, should encourage the creation of new job opportunities rather than the mere transference of jobs from one area of the country to another, and should encompass technical aid for the economic diversification of rural low-income areas and single-industry communities."

Mr. Chairman, under unanimous consent, I include in the RECORD the following portion of the text of an article prepared by the Area Employment Expansion Committee on the subject of area redevelopment legislation:

IV. NEED FOR AREA REDEVELOPMENT LEGISLATION

A. Urban areas.

1. Unemployment persistently concentrated in chronically distressed areas in good and bad times.

(a) Unemployment persists in chronically distressed areas.

(1) The number of labor markets with substantial labor surpluses (6 percent or

more unemployment) fluctuates with the rise and fall in business activity but distressed areas continue with substantial labor surpluses.

Areas of substantial labor surplus (unemployment of 6 percent or more of the labor force)

	January	March	May	July	September	November
1960:						
Major.....	31					
Smaller.....	107					
1959:						
Major.....	176	74	60	46	35	32
Smaller.....	183	197	177	143	124	112
1958:						
Major.....	145	170	186	189	189	183
Smaller.....	72	121	161	182	195	189
1957:						
Major.....	19	19	21	24	124	124
Smaller.....	59	59	59	61	62	62
1956:						
Major.....	19	19	23	23	24	20
Smaller.....	64	65	65	60	59	57
1955:						
Major.....	144	143	35	31	26	19
Smaller.....	100	113	106	101	94	74
1954:						
Major.....	120	134	144	153	151	148
Smaller.....	31	46	73	88	94	97
1953:						
Major.....	18	17	16	16	118	118
Smaller.....	19	18	18	23	24	24
1952:						
Major.....	18	21	23	21	19	18
Smaller.....	5	14	27	30	26	22
1951:						
Major.....				14	16	15
Smaller.....					5	5

¹ Recession months between start of decline and return to prerecession levels of industrial production.

Source: U.S. Department of Labor.

(2) The chronically distressed communities (with 6 percent or more unemployment for at least 18 months out of the last 24 months) persist. Even in periods of general prosperity they have substantial labor surpluses. Chronic unemployment is only slightly relieved even when unemployment is low in the Nation as a whole.

The number of chronically distressed labor markets has continued to rise. The recent recession created a new group of chronically distressed labor markets, because of dislocations in the automobile and aircraft industries.

Labor markets	1957, August	1958		1959		
		January	July	January	May	November
Areas with substantial labor surplus (total).....	89	117	250	259	246	177
Major areas.....	24	45	89	76	57	31
Small and very small.....	65	72	161	183	189	146
Chronically distressed labor markets (total).....	65	70	75	119	179	172
Major areas.....	12	18	21	22	32	29
Small and very small.....	53	52	54	97	147	143
Chronically distressed labor markets as a percentage of all of labor markets with substantial labor surplus.....	73	60	30	43	73	97

¹ Exclusive of Alaska labor markets.

Source: Area Employment Expansion Committee. These data include more smaller communities than are listed by U.S. Department of Labor.

(b) Unemployment unduly concentrated in chronically distressed labor markets.

The rate of unemployment continues to be unduly high in the distressed labor markets. In November 1959 the total unemployed in the 172 distressed labor markets (exclusive of the 5 in Alaska) numbered

923,000. Though these areas had 13.7 percent of the civilian labor force, they included 25.1 percent of the unemployed. The rate of unemployment in these areas was 9.8 percent as compared with a national rate of 5.3 percent.

Unemployment in the United States and in distressed areas, 1959

	January	May	November
United States:			
Civilian labor force (thousands).....	67,430	69,405	69,310
Unemployment (thousands).....	4,724	3,389	3,670
Percent unemployed.....	7.0	4.9	5.3
Distressed areas:			
Number.....	119	179	172
Civilian labor force (thousands).....	7,552	10,079	9,465
Unemployment (thousands).....	812	1,091	923
Percent unemployed.....	9.3	10.8	9.8
Civilian labor force as percent of United States.....	12.9	14.5	13.7
Unemployment as percent of United States.....	17.2	32.2	25.1

(c) Chronically distressed labor markets suffer from substantial labor surpluses for long periods.

The principal characteristic of unemployment in the chronically distressed communities is that the substantial labor surplus continues to fester for long periods of time. Recovery is not quick. Even the labor market which is later graduated out of the distressed condition takes many years for significant improvements to occur. In some areas the relief has come from the outmigration of people and the reinvigoration of existing rather than new enterprises. But where these alternatives are not easily available the recovery is particularly slow in coming. It has taken some communities a decade or two of the most aggressive local action to effect a measurable reduction in unemployment. The reason basically is that the community may have failed to redevelop itself properly to provide the base for a new industry.

Evidence of the length of the time of the persisting substantial labor surplus is provided by the following table, which enumerates the time of the start of the most recent period of continuous substantial labor surplus.

Date of start of last period of substantial surplus	Total	Distressed labor markets		Number with prior period of substantial labor surplus
		Major	Smaller	
1951.....	1	1	0	0
1952.....	18	6	12	0
1953.....	8	1	17	0
1954.....	10	1	9	1
1955.....	11	0	11	1
1956.....	17	1	16	5
1957.....	75	15	60	30
1958 (October or before).....	26	7	19	8
Total.....	166	32	144	45

Some labor markets with more recent starting dates for their chronic distress had suffered prior periods of substantial labor surpluses. The revival was short lived and these communities fell back again into the category of chronically distressed.

(d) Few chronically distressed communities graduate out of classification.

The vague hope that many communities will be able to graduate out of the chronically distressful conditions is not justified by experience. On the contrary, the best available data appears to confirm the conclusion that only a small group of distressed labor markets have lifted themselves to a better status.

Of the total of 116 labor markets which between July 1953 and March 1958 became chronically distressed, only 41 were not so classified in March 1958. Of the remaining 75 labor markets, 64 were continuously dis-

tressed from the time their economic difficulties began and they continued unrelieved in this condition of substantial labor surplus. The remaining 11 experienced a temporary period of economic revival.

The 41 labor markets which were not classified as chronically distressed in March 1958 included 19 which had as substantial labor surplus in January or March 1958.

Labor markets chronically distressed, July 1953-March 1958:

1. Total chronically distressed labor markets, 112.

2. Number of labor markets suffering continuous distress from time of origin, 64.

3. Markets which experienced partial revival but chronically distressed as of March 1958, 11.

(a) Chronically distressed in prior period of labor surplus, four.

(b) Substantial labor surplus but not chronically distressed in prior period of labor surplus, seven.

4. Labor markets formerly distressed markets but not so classified in March 1958, 41.

(a) Areas with a substantial labor surplus in January or March 1958, 19.

(b) Areas not classified as having substantial labor surplus as of March 1958, 22.

(c) Structural unemployment core of unemployment problem in good times.

Deputy Assistant Secretary of Labor Charles D. Stewart declared recently that "one-third of the unemployed in periods we usually regard as one of full employment fall in this (structural unemployment) category."

2. Chronic unemployment in distressed areas is caused by longrun economic changes.

A. Types of economic changes causing chronic unemployment.

1. Industries have declined because new products or services have captured the markets.

(a) Oil has challenged both anthracite and bituminous coal and has preempted many significant markets.

(b) Diesel power has supplanted steam-power on the railroads with far-reaching effects, seen in the reduction of the number of repair stations and in the amount of railroad equipment built by the railroads and other service industries.

(c) The railroads have lost out to trucks, passenger cars, and airplanes so that number of spur lines has been reduced and the volume of passenger traffic dropped. Employment has decreased.

(d) Synthetic fibers have made tremendous inroads on silk and wool. The former has been practically eliminated except for specialized restricted areas.

(e) The change in the types of refrigerators has resulted in the closing of a number of older plants.

2. Regional migration has denuded older areas of plants.

(a) The migration has been particularly marked in the soft goods industries. Where there has not been any significant migration, the relative rates of growth in various areas have differed strikingly.

In the textile industry, many mills moved South during the twenties. While the number of such shifts has since been small, the rate of attrition has been high in the North, whereas mill closings in the South have been the exception until recently.

(b) The apparel industry has been subject to violent shifts in location since the beginning of the century. The movement out of the large cities to new markets has been frequently recorded. Recently the so-called newer markets and areas have been losing plants to southern locations.

(c) The electronics parts industry, originally located in the large cities, has been standardized so that production units could be moved to outside lower wage areas. Such

migration has taken place at an impressive rate during the last decade.

(d) The automobile industry has been highly decentralized as assembly and parts plants have been placed nearer the consumer markets. As growth of the industry has been halted, the older areas have witnessed many plant closings.

3. Some industrial changes result in plant closings.

(a) The amount of subcontracting by the automobile industry resulted in the shutdown of many parts plants.

4. Changing military requirements have left many communities stranded.

(a) Military installations have been closed as the size of the Armed Forces has been reduced.

(b) The substitution of missiles for armed aircraft has had many significant effects. It has resulted in a severe reduction in the aircraft industry. Some plants have been converted to electronics and become part of the missile industry. The full impact has not yet been felt as increased civilian demands for jet planes has helped fill part of the gap.

The new military defenses require less warehousing and storage facilities, resulting in the closing of depots.

5. Automation and increased mechanization and efficiency have resulted in lower labor demands.

(a) Man-hour productivity is constantly rising. This is effected through mechanization, automation, better management, better materials and standardization of processes. Almost every industry is affected.

(b) Industries in which output is not rising or is declining and yet are experiencing considerable advances in gross productivity are necessarily reducing manpower needs; as witness the textile industry.

(c) New processes may render older plants obsolete and demand a change in the location of the operation as exemplified by the meatpacking industry.

(d) Automation will reduce the needs for warehouses, branch offices and shipping facilities.

6. Import competition is accelerating the decline or forcing the shrinkage of some industries.

(a) Imports have captured the markets for some industries such as leather and knit gloves, watches and clocks, flatware, tubular brass plumbing, rope, chinaware. As a result they have caused plant closings in these industries.

(b) Raw material industries have found that lower foreign prices make them non-competitive and some mines have been affected by this competition. These include fluorspar, lead, zinc, antimony, copper and iron ore industries.

7. Depletion of natural resources.

(a) Lumber and other raw material product industries have in some areas been affected by sheer exhaustion.

B. Scientific, technical, product, and economic changes will continue.

1. America's investment in scientific research and development is rising. In 1957 it had increased to \$10 billion of which about three-quarters was done by private firms. This research is constantly stimulating new products, new industries, and new consumer demands, rendering older ones obsolete.

2. The rate of man-hour productivity is rising. The National Bureau of Economic Research has declared that "the long-term pace of advance in output per man-hour has been speeded up." The average annual output per man-hour increased, according to the U.S. Bureau of Labor Statistics, 4 percent in 1909-19 and 2.9 percent in 1939-58. The rate for 1947-58 was 3.1 percent.

3. The rate of increase in productivity in many industries is even higher than the national average: candy, 19.8 percent; cigars, 18.1 percent; copper, 10.7 percent; iron ore, 9.4 percent; flour, 7.5 percent; synthetic fabrics, 15.2 percent; bituminous coal, 6.8 percent; railroads, 6.2 percent.

4. Dr. Arthur Burns has concluded that "the life histories of industries are becoming shorter * * * [the] increased birth rate of new products means an increase in death rate of old products and a decline in the average life span of individual industries."

5. The continuance of these changes spells the obsolescence of different parts of our economy and the displacement of workers. Where one or another industry provides a substantial part of the employment, the industry when declining will cause a labor surplus. If the community is itself not immediately ready to fit into the newer industrial and economic trends, it will suffer from long-term chronic unemployment.

C. Industries primarily responsible for heavy unemployment in chronically distressed labor markets.

Area Employment Expansion Committee Fact Sheet 42-A lists the industries primarily responsible for heavy unemployment in chronically distressed labor markets and the specific areas affected.

Mr. Chairman, I include the following portion of the text of an article prepared by the Area Employment Expansion Committee on the subject of area redevelopment legislation:

The industries listed in this fact sheet are—mining: Anthracite, bituminous, fluor-spar, iron ore, lead and zinc, copper, and antimony; quarrying: limestone; fishing and seafood processing; oil refining; tobacco; textiles; apparel; logging and lumber; shoes; leather; metal and products: fabricated, brass, clocks and watches, air conditioners, refrigerators, textile machinery, electrical equipment, other machinery and railroad equipment; automobiles; aircraft; ordnance; railroads and repair shops; stone, clay, glass, pottery; chemicals; Federal and military installations; shipbuilding; agriculture; construction; natural resources industries.

D. Cycles of major industries in difficulty. The distressed area problem has gained particular attention because of the tendency for adversity to hit a group of communities dependent upon the same major industry at relatively similar periods. The concentrated effect tends to highlight the problem.

In recent years, the contracting cycles have been associated with important American industries.

(1) The reverses in the anthracite and coal industry beginning in the thirties.

(2) The liquidation of northern textile mills in the twenties and fifties.

(3) The closing of railroad repair shops and contraction of railroad employment beginning in the thirties.

(4) The decentralization of the automobile industry during the fifties.

(5) The substitution of the missiles for manned aircraft in the fifties.

3. Communities in distressed and chronic condition of substantial labor surplus.

(a) The communities adversely affected by these economic trends are with few exceptions centers of advanced industrial development. Otherwise they would not have attracted high concentration of population and enterprises. Being urbanized communities they have not only the core industries upon which their development was founded but all of the service and auxiliary developments with which to supply the needs of the people. They are communities in which there are vast investments of private, commercial, and industrial capital.

(b) Most of the distressed communities are dependent upon one or two industries

which have suffered reverses. In some there has been a concurrent drop in a number of interrelated industries as has occurred in the communities dependent upon the automobile industry.

(c) There are among the distressed communities a large number of single industry communities.

There are many other similar communities in the United States. A study of the U.S. Census of Manufactures for 1954 indicates that of the 3,103 counties, there were 1,986 or 64 percent in which the largest two companies accounted for 50 percent or more of the manufacturing activity in these counties. The proportion in the counties with less than 1,000 manufacturing employees was 70 percent indicating the high dependence upon two employers.

(d) No community is safe from the above reverses. It is clear that the high dependence on a limited number of industries increases the chances of reverses, but complete diversification is not feasible or economically sound. It is better to deal with the problem in realistic terms of establishing provisions for handling the reverses when they come. There can be no insurance policy against adversities.

4. Migration from distressed areas is no general solution.

(a) It is often quite casually suggested that the solution for the distressed areas is the outmigration of the people to other communities. This well-meant suggestion ignores the difficulties standing in the way of this solution.

(b) Some people do move out of the distressed areas. As a matter of fact there are considerable disadvantages in such outmigration. First, it deprives the community of many younger aggressive and ambitious persons. Second, these people tend to return as they face reverses in the newer communities aggravating the lot of the distressed community at a time when it is least able to face the problem.

(c) There is a large volume of migration taking place in the United States which already taxes our national facilities and skill. There is a movement from rural to urban and from urban to suburban areas and other purely personal shifts. People move for various reasons including the desire for advancement, preferred jobs in terms of wages, benefits and prospects.

Surveys on migration already indicate that each year, 7 percent of the population changes its place of residence across county lines and 3 percent across State lines.

A study of unemployment shows that 10 percent of unemployment is accounted for by voluntary shifts, 20 percent by seasonal factors, 20 percent by new job seekers, 30 percent by structural changes and 20 percent by the mobility of people for personal reasons.

A study of population changes from 1940 to 1950 indicates that 1,051 counties lost population, 1,535 had a stable population and 430 showed a fast rate of growth in population.

(d) The people who are not readily moving are reluctant to move because of the difficulties it would entail either to them personally, their investments or both.

People don't want to move because of their strong attachments, social ties, home ownership, possible losses from the sale of houses, advanced age, fear of distant parts, dependents, fear of adjustment, and differences in ethnic backgrounds. Housing problems may be encountered. Moreover jobs in the new community are tentative and uncertain.

Businessmen and people with investments cannot move easily since their livelihood is often completely tied up with a specific locality.

(e) There are no real shortage areas in the United States. In January 1960 there were no major labor markets classified in

group A. The occupational shortages relate to skilled professional and clerical jobs.

(f) The cost of migration is sufficiently high as to discourage workers.

Migration can be of help to individuals, and may assist individual communities where redevelopment will not be adequate to absorb the total displaced, but it is not the answer to the problem of chronic unemployment.

5. Local efforts for redevelopment are insufficient.

(a) Most of the recovery experienced in distressed areas has been due to expansion and revitalization of existing industry or outmigration or commutation, often at very high cost to the individual and community.

(b) The three presently available approaches to redevelopment are inadequate.

(1) "Realtor Approach." This is a common one which seeks to find an employing tenant for existing vacant space.

(a) This approach is inadequate because it relies on existing space which is obsolete and attracts tenants who want low-price floor space. These may not be energetic and expanding companies.

(b) If the tenant is successful, he will want to expand and find modern space. Otherwise, he is likely to close up.

(2) "Diversification Approach." This has been endorsed by the U.S. Department of Commerce and many developers. The purpose is to bring in new industries. This approach may not be economic since there may not be a justifiable base for diversification. Economic advantage may not support it. Diversification is no guarantee against chronic unemployment.

(3) "New Commercial and Industrial Structures. This approach seeks to build a new plant and secure a tenant for it.

(a) This approach may net a tenant but there is no assurance that it will be sufficient to stop the decline in employment or that the new plant will become the nucleus for new economic growth. Many communities with new plants find that they have no multiplier effect.

(b) Local communities and State groups may exhaust their financial resources to build plants.

(c) Local programs often falter and fail. The reasons for these failings are:

(1) They may lack sufficient funds for the project as resources are drained by their local recession and as tax capacity dwindles. The longer the distress, the more limited are the resources.

(2) They become discouraged at the meagerness of the results.

(3) Local vested groups often resist expansion and the appropriation of funds to pay for it.

(4) The people may become resigned to the patterns of unemployment and underemployment.

(5) Local leadership is often lacking after the major industry leaves.

(6) Neglect of distressed urban communities conflicts with Employment Act of 1946.

(a) The act prescribes "maximum employment, production, and purchasing power." The tolerance of chronic unemployment defeats this end. Economic growth depends upon the optimum use of our resources.

(1) The neglect of distressed communities means the deterioration of manpower, entrepreneurial skills and experience; public and social capital; private commercial, personal, and industrial capital.

(2) The development of new communities demands costly investments in new facilities which duplicate existing ones. We already have a tremendous backlog resulting from the unfinished development of our suburbs. The completion of these communities should have a high priority on our capital investment.

(3) Many new or rapidly growing communities already have difficulty in absorbing

new population. The cost of facilities is very high.

(4) The conservation and renewal of existing communities through redevelopment is cheaper and wiser, since much of it involves renewal rather than clearance for redevelopment.

(b) Neglect of unemployment areas is costly.

(1) Large scale unemployment means high costs of poverty in the form of costs of relief, unemployment, high rate of dependence, slums, social evils, and other problems.

(2) Chronic distress means business bankruptcies.

(3) Disuse brings deterioration of public and private capital.

(4) Low income means deterioration of public services for raising young (low standards of education, hospitals, welfare facilities.) This places a burden on the Nation as a whole.

(5) Unemployment spreads pessimism and disaffection.

(6) Unemployment depresses wage scales generally.

B. Rural areas.

1. Rural unemployment, underemployment, and low income widely known.

There is little dispute about the prevalence of rural poverty and underemployment. Studies by the Joint Committee on the Economic Report and the Department of Agriculture highlight these facts.

One of every three commercial farms in this country had in 1954 gross sales below \$2,500. One quarter of the farm families had an annual income of \$1,000 or less.

The greater preponderance of the counties in which unemployment is chronic and in which low standards of living prevail is in the Southern States, particularly Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Additional low-income counties are to be found in Florida, Illinois, Michigan, Minnesota, Missouri, and New Mexico.

2. Characteristics of rural distressed areas.

a. These are communities in which population increases have outrun local resources.

b. Population has increased faster than outmigration.

c. Nonfarm jobs tend to be limited.

d. Farms are small and underdeveloped with low capital investment.

3. Rural redevelopment program is inadequate.

The present program sponsored by the Department of Agriculture is inadequate. It rests primarily upon voluntary cooperation and little or no funds are provided the areas. In the period from 1958-59, the budget provided \$15 million for the Farmers Home Administration for additional local authorizations in the pilot counties or about \$150,000 per county and \$2.6 million for the special services and research activities by public

agricultural agencies assisting the program. No funds have been provided for industrial development.

4. Local resources are not sufficient to remove rural poverty.

The National Planning Association declared that "to place exclusive emphasis on private initiative and local initiative is unrealistic and self-defeating. If a century and a half of dependence on local initiative has failed to eliminate America's low-income rural regions, it seems futile to depend only upon such initiative to solve the same rural poverty problems still before us."

5. Rural redevelopment requires outside capital and experience.

V. ORGANIZATIONS WHICH SUPPORT THE LEGISLATION

American Federation of Labor-Congress of Industrial Organizations, Area Employment Expansion Committee, National Farmers Union, the National Grange, American Municipal Association, Southern State Municipal Leagues and Cities, Conference of Mayors, Local Development Councils, Local Councils and Legislatures, National Planning Association.

Mr. Chairman, I would like to add a list of the areas by States, congressional districts, and names of Representatives of such districts declared to be areas of substandard and persistent labor surplus, as follows:

Areas of substantial and persistent labor surplus

	Congressional district	Congressman		Congressional district	Congressman
NEW ENGLAND					
Maine:			MIDDLE ATLANTIC—continued		
Small: Biddeford-Sanford.....	1	Peter A. Garland, Republican.	Pennsylvania—Continued		
Massachusetts:			Small—Continued		
Medium:			Clearfield-Du Bois—Con.....	23	Leon R. Gavin, Republican.
Fall River.....	14	Joseph W. Martin, Jr., Republican.	Indiana.....	22	John P. Saylor, Republican.
Lowell.....	5	F. Bradford Morse, Republican.	Kittanning-Ford City.....	22	Do.
New Bedford.....	9	Hastings Keith, Republican.	Lewiston.....	16	Walter M. Mumma, Republican.
Do.....	14	Joseph W. Martin, Jr., Republican.	Do.....	18	J. Irving Whalley, Republican.
Small: North Adams.....	1	Silvio O. Conte, Republican.	Meadville.....	24	Carroll D. Kearns, Republican.
Rhode Island:			New Castle.....	25	Frank M. Clark, Democrat.
Medium:			Pottsville.....	12	Ivor D. Fenton, Republican.
Providence-Pawtucket.....	1	Fernand J. St. Germain, Democrat.	Do.....	15	Francis E. Walter, Democrat.
Do.....	2	John E. Fogarty, Democrat.	St. Marys.....	17	Herman T. Schneebeli, Republican.
Connecticut:			Do.....	23	Leon R. Gavin, Republican.
Small:			Sayre-Athens-Towanda.....	17	Herman T. Schneebeli, Republican.
Ansonia.....	3	Robert N. Giaimo, Democrat.	Sunbury-Shamokin-Mount	12	Ivor D. Fenton, Republican.
Bristol.....	1	Emilio Q. Daddario, Democrat.	Carmel.....		
Do.....	5	John S. Monagan, Democrat.	Do.....	17	Herman T. Schneebeli, Republican.
Danielson.....	2	Horace Seely-Brown, Jr., Republican.	Do.....	18	J. Irving Whalley, Republican.
MIDDLE ATLANTIC			Uniontown-Connellsville.....	26	Thomas E. Morgan, Democrat.
New York:			EAST NORTH CENTRAL		
Small:			Ohio:		
Amsterdam.....	32	Samuel S. Stratton, Democrat.	Small:		
Auburn.....	36	John Taber, Republican.	Athens-Logan-Nelsonville.....	10	Walter H. Moeller, Democrat.
Gloversville.....	32	Samuel S. Stratton, Democrat.	Batavia-Georgetown-West	6	William H. Harsha, Jr., Republican.
Jamestown-Dunkirk.....	43	Charles E. Goodell, Republican.	Union.....		
Ogdensburg-Massena-	33	Clarence E. Kilburn, Republican.	Cambridge.....	15	Tom V. Moorehead, Republican.
Malone.....			Portsmouth-Chillicothe.....	6	William H. Harsha, Jr., Republican.
Plattsburgh.....	31	Carleton J. King, Republican.	Do.....	10	Walter H. Moeller, Democrat.
New Jersey:			Indiana:		
Medium: Atlantic City.....	2	Milton W. Glenn, Republican.	Medium: Evansville.....	8	Winfield K. Denton, Democrat.
Small:			Illinois:		
Bridgeton.....	2	Do.	Small:		
Long Branch.....	3	James C. Auchincloss, Republican.	Centralia.....	23	George E. Shipley, Democrat.
Ocean City-Wildwood-	2	Milton W. Glenn, Republican.	Harrisburg.....	23	Do.
Cape May.....			Do.....	25	Kenneth J. Gray, Democrat.
Pennsylvania:			Herrin-Murphysboro-West	25	Do.
Medium:			Frankfort.....		
Altoona.....	20	James E. Van Zandt, Democrat.	Mount Vernon.....	23	George E. Shipley, Democrat.
Erie.....	24	Carroll D. Kearns, Republican.	Michigan:		
Johnstown.....	18	J. Irving Whalley, Republican.	Medium:		
Do.....	22	John P. Saylor, Republican.	Detroit.....	1	Thaddeus Machrowicz, Democrat.
Pittsburgh.....	21	John H. Dent, Democrat.	Do.....	7	James G. O'Hara, Democrat.
Do.....	25	Frank M. Clark, Democrat.	Do.....	13	Charles O. Diggs, Jr., Democrat.
Do.....	26	Thomas E. Morgan, Democrat.	Do.....	14	Louis C. Rabaut, Democrat.
Do.....	27	James G. Fulton, Republican.	Do.....	15	John D. Dingell, Democrat.
Do.....	28	William S. Moorhead, Democrat.	Do.....	16	John Lesinski, Democrat.
Do.....	29	Robert J. Corbett, Republican.	Do.....	17	Martha W. Griffiths, Democrat.
Do.....	30	Elmer J. Holland, Democrat.	Do.....	18	William S. Broomfield, Republican.
Scranton.....	10	William W. Scranton, Republican.	Flint.....	6	Charles Chamberlain, Republican.
Wilkes-Barre-Hazleton.....	11	Daniel J. Flood, Democrat.	Small:		
Small:			Adrian.....	2	George Meader, Republican.
Berwick-Bloomsburg.....	17	Herman T. Schneebeli, Republican.	Bay City.....	10	Elford A. Cederberg, Republican.
Butler.....	25	Frank M. Clark.	Marquette.....	12	John B. Bennett, Republican.
Clearfield-Du Bois.....	20	James E. Van Zandt, Democrat.	Monroe.....	2	George Meader, Republican.
			Port Huron.....	7	James G. O'Hara, Democrat.

Areas of substantial and persistent labor surplus—Continued

	Congressional district	Congressman		Congressional district	Congressman
WEST NORTH CENTRAL			EAST SOUTH CENTRAL—continued		
Minnesota:			Kentucky—Continued		
Small:			Small—Continued		
Brainerd-Grand Rapids.....	6	Fred Marshall, Democrat.	Madisonville.....	2	William H. Natcher, Democrat.
Do.....	8	John A. Blatnik, Democrat.	Do.....	1	Frank A. Stubblefield, Democrat.
Hibbing-Virginia.....	8	Do.	Middlesboro-Harlan.....	8	Eugene Siler, Republican.
Missouri:			Morehead-Grayson.....	7	Carl D. Perkins, Democratic.
Small:			Paducah.....	1	Frank A. Stubblefield, Democrat.
Flat River.....	8	Richard Ichord, Democrat.	Paintsville-Prestonburg.....	7	Carl D. Perkins, Democrat.
Washington.....	9	Clarence Cannon, Democrat.	Pikeville-Williamson.....	7	Do.
Kansas:			Tennessee:		
Small: Pittsburg.....	3	Walter L. McVey, Republican.	Small:		
SOUTH ATLANTIC			La Follette-Jellico-Tazewell.....	1	B. Carroll Reece, Republican.
Maryland:			Do.....	2	Howard H. Baker, Republican.
Small:			Alabama:		
Cambridge.....	1	Thomas F. Johnson, Democrat.	Small:		
Cumberland.....	6	Charles M. Mathias, Jr., Republican.	Florence-Sheffield.....	8	Robert E. Jones, Jr., Democrat.
Hagerstown.....	6	Do.	Do.....	7	Carl Elliott, Democrat.
Virginia:			Gadsden.....	5	Albert Rains, Democrat.
Small: Big Stone Gap-Appalachia.....	9	W. Pat Jennings, Democrat.	Jasper.....	7	Carl Elliott, Democrat.
West Virginia:			WEST SOUTH CENTRAL		
Medium:			Oklahoma:		
Charleston.....	6	John M. Slack, Jr., Democrat.	Small:		
Huntington-Ashland.....	4	Ken Hechler, Democrat.	McAlister.....	3	Carl Albert, Democrat.
Wheeling.....	1	Arch A. Moore, Jr., Republican	Muskogee.....	2	Ed Edmondson, Democrat.
Small:			Texas:		
Beckley.....	6	John M. Slack, Jr., Democrat.	Small: Laredo.....	15	Joe M. Kilgore, Democrat.
Bluefield.....	5	Elizabeth Kee, Democrat.	MOUNTAIN		
Clarksburg.....	3	Cleveland M. Bailey, Democrat.	Montana:		
Fairmont.....	1	Arch A. Moore, Jr., Republican.	Small:		
Logan.....	6	John M. Slack, Jr., Democrat.	Butte.....	1	Arnold Olsen, Democrat.
Do.....	4	Ken Hechler, Democrat.	Kalispell.....	1	Do.
Morgantown.....	2	Harley O. Staggers, Democrat.	PACIFIC		
New Martinsville.....	1	Arch A. Moore, Jr., Republican.	Washington:		
Do.....	4	Ken Hechler, Democrat.	Small:		
Oak Hill-Montgomery.....	3	Cleveland M. Bailey, Democrat.	Aberdeen.....	3	Julia B. Hansen, Democrat.
Point Pleasant-Gallipolis.....	4	Ken Hechler, Democrat.	Anacortes.....	2	Jack Westland, Republican.
Roncoveverte-White Sulphur Springs.....	5	Elizabeth Kee, Democrat.	Port Angeles.....	2	Do.
Welch.....	5	Do.	Alaska:		
North Carolina:			Small: Anchorage.....	1	Ralph J. Rivers, Democrat.
Small: Fayetteville.....	7	Alton Lennon, Democrat.	PUERTO RICO		
EAST SOUTH CENTRAL			Medium:		
Kentucky:			Mayaguez.....		Antonio Fernós-Isern, Democrat.
Small:			Ponce.....		Do.
Corbin.....	8	Eugene Siler, Republican.	San Juan.....		Do.
Hazard.....	7	Carl D. Perkins, Democrat.			
Hopkinsville.....	1	Frank A. Stubblefield, Democrat.			

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Flood] has expired.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FENTON].

(Mr. FENTON asked and was given permission to revise and extend his remarks.)

Mr. FENTON. Mr. Chairman, first of all let me assure my colleague, the gentleman from Pennsylvania [Mr. Flood], that I am for this bill.

Mr. Chairman and Members of the House, my district in the anthracite region of Pennsylvania is one that has been beset with problems of unemployment for a long time. In addition to the Scranton-Wilkes-Barre area—my area—Pottsville, Shamokin, Mount Carmel, Shenandoah, Mahanoy City, Tamaqua, Minersville, Girardville, and other towns are in great need.

Ever since the turn of the century, the number of jobs in the anthracite mines has been lessening, and the communities in my district have fought a valiant battle in trying to establish new industries to provide jobs for displaced miners and their families. This battle has been a monument to the principle of community self-help.

Even now people in my district do not seek charity or handouts. We are happy

to continue to shoulder the main responsibility for providing new footings, a new base for our economy.

At this point Mr. Chairman, I would like to point out that I was the one who pioneered area assistance legislation when I introduced in the House on January 9, 1956 the proposals of the former Eisenhower administration 4 days after the President in his state of the Union message recommended such assistance after I had personally arranged various group conferences at the White House.

We have before us S. 1 as amended by our Banking and Currency Committee.

Another bill—H.R. 5943, the Widnall bill—will be offered as a substitute for the committee bill.

I wish to say that no one in the Congress is more keenly interested in helping our domestic distressed areas than am I.

Mr. Chairman, former President Eisenhower in his state of the Union messages, and in economic reports, announced the principle that there is a responsibility in the Federal Government to help areas of substantial and persistent labor surplus in their efforts to solve their problems. This is clear, despite the fact that the Nation as a whole has enjoyed a period of general prosperity since 1952.

Many people have spoken at length in behalf of legislation of this kind at this and previous sessions of Congress.

Secretaries of Commerce and Labor, both in the last and present administration have spoken in favor of legislation to help areas of persistent unemployment, especially the so-called chronic areas.

Representatives of labor, and the chief executive of the State of Pennsylvania, and others have appealed for adequate legislation.

I will try to give you some idea of our economic conditions in the Schuylkill-Nothumberland anthracite-producing area of Pennsylvania, and the time and efforts given by the people of my area in trying to help themselves.

We have witnessed the population of my district shrink over 80,000 from 1940 to 1960.

We have seen our major and basic anthracite industry have its annual tonnage reduced from almost 100 million tons in 1919, in World War I, to around 20 million tons at the present time.

We have also seen the number of miners diminish from a peak of 179,679 in 1917 to less than 20,000 today.

Now the causes of all these decreases are well known to those of us from the hard coalfields. In fact, the Federal Government itself knows full well the

condition in which our area finds itself, because, over the years, since I have been a Member of Congress, I have brought to the attention of our various administrations the economic plight of the anthracite industry and the people dependent upon it for a livelihood.

As a matter of fact, and the record will disclose this, I have been successful in having a number of my proposals enacted into law to assist the anthracite industry and our people. For example, first, Public Law 812, 77th Congress, which established the Anthracite Research Laboratory; second, Public Law 738, 83d Congress, which authorizes the appropriation of Federal funds to the Bureau of Mines to fight mine fires and which eliminates the necessity of asking for special funds each year; the appropriations for this type of work over the past several years has saved over 350 million tons of coal from destruction at a cost of less than 1 cent a ton.

I also sponsored Public Law 162, 84th Congress, which authorizes the Federal Government to appropriate \$8,500,000 to match a similar amount from the State of Pennsylvania to dewater mines for health and safety purposes, and to conserve one of the Nation's greatest natural resources—Pennsylvania's anthracite mines.

While we have been trying to stay the continued onslaught of unemployment by helping to stabilize our anthracite mining industry, our people and our communities have been doing a splendid job in organizing in various ways, and indeed have succeeded in securing new plants in some communities and also expanding plants already there.

Our people want to work, as is evidenced by the fact that thousands of them travel over 100 miles each day in commuting back and forth to work. Others are compelled to leave their families for the week and return home on the weekends.

Our people cannot understand why a helping hand has not been extended them long ago as has been done by our Government to other segments of our economy. Neither can they understand why the Government itself permits the terrific influx of residual oil on the eastern seaboard, which displaces millions and millions of tons of coal each year.

We have recommended that this excessive importation of residual or waste oil be curtailed or be placed on a proper quota basis, and I introduced legislation to accomplish this. If this was done it would help in keeping down our unemployment.

In addition to the influx of foreign waste oil, we have been hurt by the "big and little inch" pipelines built by the Government. We had no complaint to make when these pipelines were built because of their necessity to aid in winning the war. We did not intend to have them later used by private enterprise in competition and injury to the coal industry.

We objected strenuously to their being sold to the oil and gas industries after the war because we knew it would hurt our anthracite markets. It did hurt us very severely, and the Government did

assist the oil and gas industry in selling the pipelines.

I cite these several instances about the plight of our basic industry, because our pleas fell on deaf ears for many, many years.

We have in various communities in my district, attempted to help ourselves and have succeeded in securing new plants, but we have reached the limit and we now look forward to the State and Federal Governments for assistance in the form of loans.

The President is concerned about areas of chronic unemployment and is attempting to do something about it.

According to January ratings of the Pennsylvania Department of Labor and Industry, four additional labor market areas in Pennsylvania were classified as areas of substantial labor surplus, bringing the total to 26.

The classification of the areas, made jointly by the United States and Pennsylvania Bureaus of Employment Security, showed 9 major and 17 smaller areas in the substantial labor market surplus category. This represented the addition of three major and one smaller area since the November ratings.

Of the 26 areas, 19 are designated as "areas of substantial and persistent labor surplus." This constitutes an increase of three in January over the preceding November.

Since November, classification changes in the Nation as a whole resulted in an increase in the number of major areas of substantial labor surplus from 51 to 76. The number of smaller areas meanwhile rose from 123 to 152. Of the total number of substantial labor surplus areas in the United States, 103 are classified as "areas of substantial and persistent labor surplus."

In January, the U.S. rate of unemployment again remained well below the Pennsylvania rate. The national percent of labor force unemployed in January was 7.7, and the Pennsylvania percentage was 11.4. Seasonally adjusted, the national rate was 6.6.

At the present time the unemployment figures for my district in Pennsylvania is about 26,000. In Schuylkill County we have 16,900 unemployed, and in Northumberland County 9,100. In Schuylkill County alone this means that the percentage of unemployed is 22.1 percent, and in Northumberland 13.9 percent.

Many bills have been introduced for distressed areas by members of both political parties in the 84th, 85th, 86th, and the current 87th Congress.

I urge and trust that we will pass and bring forth a bill that can be accepted by the House and Senate, and signed into law by the President.

The anthracite coal producing area of Pennsylvania is a chronically distressed area and the people of my district will be especially grateful for favorable action.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I am honored to follow in the well of this House my distin-

guished colleagues from Pennsylvania [Mr. FLOOD and Dr. FENTON] and to join with them in urging the passage of this area redevelopment bill.

Mr. Chairman, the area redevelopment bill is legislation designed to take care of human needs in a businesslike way.

The name of this bill, the area redevelopment bill, should not confuse us. We are not concerned so much with distressed areas as with distressed people who live in these areas.

The distress that comes to people from long-continued unemployment is serious whether the unemployed people live in a large city, a small town, or in a rural community. The committee bill recognizes this fact and is designed to help people wherever they may live in the United States of America. Even without considering the rural areas, people in more than one-half of the 50 States will be benefited by the legislation.

The purpose of the committee bill is to help people but the means it uses are businesslike. This is no dole, handout, or giveaway program. It is a program to help business create new job opportunities for our unemployed.

Those who oppose this legislation say that local States and communities should do the job for themselves. One of the witnesses at the hearing described what a wonderful job the city of Erie in my State of Pennsylvania was doing to attract industry. He neglected to point out that in November of 1960, unemployment of Erie was 9.4 percent and that Erie is classified as an area of substantial and persistent unemployment. The opponents of this legislation fail to recognize that, although Pennsylvania has been doing a wonderful job of trying to solve its problems, some 49 of the 67 counties in Pennsylvania are classified as distressed areas. Mr. Chairman, we in Pennsylvania have gone as far as we can go. We need a partnership with the Federal Government if we are to solve our problems.

But this is not Pennsylvania's problem alone; it is a national problem. Persistent unemployment, for any of a number of reasons, has arisen or can arise in every one of 50 States and in every one of the 437 congressional districts. It may not have arisen in your congressional district but who knows what tomorrow may bring? One technological change or invention may eliminate the economical basis of your community.

The committee bill will help people who live in cities. It will help primarily through the provisions for industrial, urban renewal, economic planning assistance, and training and retraining of workers. Sixty-three percent of the unemployed in Pennsylvania are classified as either unskilled or semiskilled. Others have skills no longer in need. Training and retraining will be their salvation.

The committee bill will help people who live in small towns. It will help by bringing new industry to towns and by assisting them in providing the public facilities which industry may need. The tax basis in some of these smaller com-

munities may have become so eroded that they cannot even borrow money for public facilities. The committee bill recognizes this situation and provides a limited program of grants in aid.

The committee bill will help people who live in farming communities and suffer from chronic unemployment. It will help farming communities to develop agricultural production in combination with processing—what the Secretary of Agriculture referred to as "Agribusiness." "Agribusiness" may mean a combination of farming, forestry and woodwork. In another area "agribusiness" may mean the promotion of tourists and recreation.

In short, Mr. Chairman, the area redevelopment bill is national legislation to help all the people of our Nation whether they live in city, town, or village. I urge the adoption of the committee bill.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Chairman, in beginning my statement, I want to commend the House Banking and Currency Committee for the job they have done in perfecting and bringing to the House floor for consideration at this time the bill, S. 1.

My interest in area redevelopment began on June 21, 1954 when I introduced bills designed to provide programs of public facilities construction to stimulate employment in areas having substantial surplus labor and to amend the Small Business Act of 1953 to authorize loans to be made by the Small Business Administration to municipalities having a substantial labor surplus.

Since the introduction of these bills, I have joined many of my colleagues annually in sponsoring similar legislation and at the same time have stood in the well of this Chamber frequently appealing for positive action in alleviating the distress of unemployment in labor surplus areas.

In addition, I have voted for every area redevelopment bill brought to this floor since the 85th Congress and joined advocates of the legislation in an effort to override the Presidential veto of S. 722. Therefore, it is my desire to emphasize that I am prepared to support S. 1 when perfected and ready for a vote by this House.

The basis of my longtime interest in area redevelopment legislation stems from the fact that since World War II—with the exception of the Korean conflict—my congressional district in Pennsylvania comprising the counties of Blair, Centre, and Clearfield has been plagued with chronic unemployment due to depressed conditions in the coal, railroad, clay and related industries, such as brickyards, machine shops, and so forth. Believe it or not, at times as much as 18 percent of our total labor force has been unemployed.

These depressed conditions I have mentioned stem from technological changes, migration of industry, shifts in demand from one product to another,

as well as foreign imports such as residual oil, which have captured our eastern seaboard coal markets.

As a classic example, I should like to point to my hometown of Altoona, Pa., which until some years ago was the largest locomotive repair center in the United States. With the advent of diesel locomotives, the pattern of skills required by locomotive repairmen shrank considerably, thus throwing many railroad mechanics and men with related skills into the ranks of the unemployed.

When you add this group to others who lost their jobs due to the decline in coal, freight, and passenger business, you will understand why employment in the Altoona, Pa., railroad shops dropped from nearly 15,000 in 1951 to 4,900 as of March 1, this year, or a loss of more than 10,000 jobs.

With respect to the coal industry, it should be pointed out that since 1948 in the central Pennsylvania area the production of bituminous coal has been on the decline with the result that production has dropped from 60 million tons to 31 million tons in 1960, or a loss in pro-

duction of 48 percent. In manpower, in 1948 these mines employed 51,500 miners while in 1960 the number employed was approximately 17,500, a decrease of 66 percent. In other words, 34,000 coal miners lost their jobs.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield.

Mr. FLOOD. If the gentleman will, I would like him to tell us how many men and women in his district are receiving surplus foods?

Mr. VAN ZANDT. At the present time out of the overall population in my congressional district we have 14 percent receiving surplus commodities. As I say, it is difficult to watch these people because they are mechanics, they are boilermakers, they are upholsterers, they are carpenters, they are bricklayers, and they are all unemployed.

With the unemployment in the railroad and coal industries making up the majority of the unemployed in the two labor market areas in my congressional district, here is the picture as compiled by the U.S. Department of Labor:

	Altoona			Clearfield-DuBois		
	Labor force	Unemployment	Ratio, unemployment to labor force	Labor force	Unemployment	Ratio, unemployment to labor force
			Percent			Percent
July 1956.....	52,700	8,100	15.4	(1)	(1)	(1)
July 1957.....	53,800	6,300	11.7	(1)	(1)	(1)
July 1958.....	54,000	9,800	18.1	36,700	5,000	13.6
July 1959.....	53,800	4,500	8.4	35,700	4,200	11.8
July 1960.....	53,300	6,100	11.4	35,600	4,000	11.2
February 1961.....	53,000	7,100	13.4	35,200	5,100	14.5

¹ Data not available.

As these figures show, the unemployment problem in my congressional district is simply this: Out of a labor force of nearly 90,000, some 13,000 are unemployed or about 14 percent. This unemployment is not seasonal but chronic, as it has plagued us since the close of World War II with the exception of the period of the Korean conflict.

As you can imagine, both of these labor market areas have been for years classified as areas of substantial and persistent unemployment by the U.S. Department of Labor.

Having lived with all of this chronic unemployment for years, the residents of the central Pennsylvania area know the meaning of ghost towns and the misery that follows in the wake of unemployment, as we watch good American families being forced to exist on public assistance and surplus commodities.

In this connection, as of January 1, in my three-county area there are 29,386 persons eligible for surplus food or nearly 10 percent of the overall population. In fact, in Clearfield County nearly 14 percent of the population are recipients of surplus commodities and dependent upon them for necessities of life.

Faced with the unemployment problem, my colleagues many times have asked the question: "Why is it that these areas of chronic unemployment cannot help themselves?"

The answer is that while some 1,800 communities throughout the country

have active area redevelopment groups, I can only speak for my own congressional district where such groups have been active for years and have enjoyed a measure of success. As a matter of fact, every area of unemployment in my congressional district has an industrial development committee of some kind and number 25 in all.

While not all of the committees have been successful, we can point with pride to the fact that hundreds of new jobs have been created in the central Pennsylvania area through community effort.

Outstanding in the effort is the city of Altoona, Pa., where through the Altoona Enterprises, Inc., a subsidiary of the Altoona Chamber of Commerce, 14 new industries have been secured, representing employment for 4,500 persons with an increased annual payroll for the area exceeding \$18 million.

The \$1,595,000 contributed by Altoona residents to finance this effort represents contributions on the part of a cross section of Altoona's population. In addition, it was necessary to borrow funds from the local banks and, at this moment, the Altoona group has exhausted its borrowing capacity.

Besides praising Altoona, I should like also to commend other communities of my congressional district such as Curwensville, Coalport, Clearfield, Du Bois, Tyrone, Philipsburg, Martinsburg, and Houtzdale, all of which are also pulling themselves up by their own bootstraps.

Therefore, in my congressional district these 25 area redevelopment groups—which have been instrumental not only in attracting new industries to the area but by their activities and faith in the future have created an atmosphere of hope and confidence—are in need of the type of Federal assistance provided for in the bill before us.

What I am saying is this: Our experience in the central Pennsylvania area has convinced us that we cannot do this job alone. If we are going to lick these areas of depression stemming from pockets of unemployment, we desperately need Federal assistance in coordinating our efforts.

Frankly, I do not find it difficult to support S. 1 because as my statement reveals, I have firsthand knowledge of the great need for this legislation. In addition the program as contained in S. 1, if written into law, will provide a coordinated attack on the basic economic problems confronting areas of substantial and persistent unemployment, such as I have in the two labor market areas in my Congressional District.

I have studied the seven major provisions of S. 1 and agree with the Committee Report when it says that such provisions will enable the Federal Government to play its proper role and meet its responsibilities in the field of area redevelopment.

The provisions follow:

First. The bill would place the responsibility for area redevelopment in the Secretary of Commerce to insure that the program will be dealt with at the Cabinet level. At the same time, an Area Redevelopment Administrator would be established in the Department to perform such functions as the Secretary may assign to him under the bill.

Second. The bill would authorize the designation of areas of chronic unemployment and underemployment. Such designation would be mandatory for some communities under criteria set forth in the amendment but the Secretary would designate other areas including rural places according to guidelines set forth.

Third. The Secretary would be authorized to make loans for industrial projects in the designated areas. Two funds of \$100 million each would be established by appropriation.

Fourth. Loans would be available on liberal terms for local public facilities to encourage economic expansion. The amount of \$100 million would be authorized for appropriation for these loans.

Fifth. Partial grants could be made to communities for local public facilities if these are necessary for the financing of the project. The amount of \$75 million is authorized for appropriation for these grants.

Sixth. The bill contains two sections which would vest additional authority in the HHFA Administrator in order to assist redevelopment areas. Grants and loans for urban renewal could be made without regard to the predominantly residential requirement which must be met in most cases. Urban planning grants authorized by the Housing Act of 1954 would be made available to re-

development areas without regard to the population limit otherwise applicable.

Seventh. Upon a finding by the Secretary of Labor that training is needed, the Secretary of Health, Education, and Welfare could provide information and financial assistance in connection with occupational retraining programs. The Secretary of Labor would be authorized to enter into agreements with the States to pay subsistence payments up to 16 weeks for persons receiving such occupational training.

Mr. Chairman, according to the committee report, the cost of this legislation will be \$394 million. May I say I hold no brief for those who quibble and employ delaying tactics over the price tag of an area redevelopment program. Like a few here today, some provisions of the bill may not meet my approval and the cost may be a little high, but since we have billions of dollars to pour into foreign aid, we certainly have a moral obligation to care for the needs of America's unemployed.

By the facts that I have given you, my constituents without Federal aid have given their own money as well as their time and effort to combat this economic problem. Yes, some progress has been made down the long, hard road, but they need a helping hand to attain their objective.

Before concluding my statement I wish to point out that if this bill is enacted into law in its present form, the two labor market areas located in my congressional district—both of which have been classified by the U.S. Department of Labor as areas of substantial and persistent unemployment—will meet the criteria for mandatory designation as redevelopment areas.

In plain words this means that the area redevelopment groups in my three-county area will enjoy Federal assistance in a coordinated attack on the basic economic problems representing the causes of the chronic unemployment.

I think it should be understood that enactment of this bill will not cause the Government to provide jobs immediately for the unemployed through the construction of plants and assignment of Government contracts.

To the contrary, it may be months before many of these areas will solve their unemployment problem since this bill if written into law simply authorizes the Federal Government to rely on local initiative and the efforts of private enterprise by furnishing them technical assistance and guidance together with financial aid, primarily in the form of loans to implement local community redevelopment programs.

Mr. Chairman, as one who represents two chronically depressed areas in Pennsylvania with unemployment at 14 percent of the total labor force it is my sincere desire that S. 1 be approved promptly and that a conference report on the Senate and House bills be agreed to so that the legislation may be sent to the White House at the earliest possible date.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. GILBERT].

(Mr. GILBERT asked and was given permission to revise and extend his remarks.)

Mr. GILBERT. Mr. Chairman, I wish to express my strong support of the bill before us which would provide Federal aid to distressed areas. In fact, I introduced a bill covering such aid in January of this year, for I have long recognized the dire need for such assistance.

As a member of subcommittee 2 of the Committee on Banking and Currency, which held extensive hearings on the bill, I heard the many witnesses who testified before us. Members of the Cabinet, representatives of unions, municipal associations, Governors, mayors, and other city officials were among those we heard. All pleaded for passage of this legislation and proved its urgency and necessity. I wish to stress that every elected official, whether city or State, who came before us, urged passage of this legislation.

President Kennedy has stressed that our economy is in trouble. We have had 7 years of diminished economic growth, 3½ years of slack, and 7 months of recession. In these days of crises, we cannot permit further deterioration in our economy; we must take positive and effective steps to stimulate the economy and pave the way for its full capacity performance; we must aim for the highest possible rate of economic growth. Five and a half million unemployed workers live in the 103 designated distressed areas. The bill before us which provides for area redevelopment would be a big step forward in combating the unemployment problem on an intelligent basis and in helping the country generally by stimulating our economy. In New York State there are numerous areas which are in trouble and which are in desperate need of the assistance this legislation would give them.

Due to natural exhaustion of coal and other natural reserves, mechanization of facilities, automation, competition, and technological changes, industrial rehabilitation of numerous areas is necessary if those communities are to survive. Many have tried to solve their own problems; the community has worked, civic leaders have tried to attract new industries, money has been borrowed, the people have made great personal sacrifices, but the forces responsible for the condition are so strong and varied, they require comprehensive measures, and assistance by the Federal Government is imperative. No community can win the battle without Federal help. Let us also recognize the fact that the long-range view is necessary, for a community which is booming today may, because of automation or a new scientific development, find itself in the depressed areas class tomorrow. Sensible, workable plans must be laid now to eliminate and prevent economic distress to the fullest degree possible.

I like to think of the help provided by this bill as a transfusion into the life stream of the economy of those communities now suffering from the blight of economic depression and as a ray of hope into the lives of the unemployed who are now suffering hardships.

Many of my colleagues have been concerned with the question of the pirating of industry from one community to another. The committee, mindful of the dangers which might lie in this type of program, included the strongest, possible antipirating provisions in the bill. If there is any language providing stronger protection, I am certain that we would be happy to adopt that type of amendment.

Many of my constituents are of Puerto Rican background; I am happy that the bill before us would help Puerto Rico, as it meets the bill's requirements as to depressed industrial areas. Much progress is being made in Puerto Rico, and I should like the people there to be encouraged in their efforts to improve their Commonwealth as well as their standards of living.

The chairman of our committee worked conscientiously and judiciously to bring out a good, workable bill, and every effort was made by him to do his best for all concerned. He treated all who appeared before him with fairness and interest. He is to be complimented upon the fine results he has accomplished.

I strongly urge passage of this important bill.

FEDERAL AID TO DISTRESSED AREAS—FACT SHEET 1

VII. PROMPT ACTION ON AREA DEVELOPMENT SOUGHT BY KENNEDY ADMINISTRATION

After reviewing the postelection task force study on area redevelopment, President Kennedy concluded that depressed area problems deserve the most important domestic priority.

"As President, I will direct all agencies of Government to give priority, in all regular programs, to the needs of depressed areas. This includes * * * the agencies concerned with transportation, with flood control, with urban renewal, with conservation." (Senator Kennedy, October 28, 1960.)

In his state of the Union address President Kennedy stressed that our economy is in trouble. He based this on the 7 years of diminished economic growth, 3½ years of slack, and 7 months of recession which we have been experiencing. Among the measures to be proposed to remedy the situation was to redevelop distressed areas, pointing out that large numbers of the 5½ million unemployed workers live in the 103 designated distressed areas.

A. Administration recommendations

1. Provide a workable program to alleviate distress and meet the immediate subsistence needs of the people and to stimulate sustained economic growth, so that the people who live in these distressed areas may share in our Nation's expansion, including:

- (a) technical assistance to enable local communities to plan their economic growth and development intelligently;
- (b) participating loans to assist when conventional lending facilities are unavailable to the area;
- (c) modernized public facilities to encourage industry;
- (d) facilities and opportunities for training and retraining the labor force.

2. Place the depressed areas program in the Department of Commerce, which would be responsible for coordinating aspects of the program involving other Government agencies and departments.

3. Provide flexibility in the program so as to benefit urban and rural areas alike and to function in regions of economic distress which includes parts of two or more States.

B. The need for immediate action

Problems of distressed areas are accentuated with rising unemployment and present inadequate economic growth.

Unemployment over a long period has a destructive effect on the lives of people affected and on the entire community.

The potential of our economy is constantly expanding but the failure to use our full capacity is the urgent economic problem of our day.

The performance of our economy is far below its full capacity: Labor force is rising 1.5 percent yearly; output per man-hour is rising 2 percent yearly due to better plants, equipment, modern technology, improved human skills.

This manpower and productivity alone is basis for a potential annual growth rate of 3.5 percent, but this would still fall short of the rate necessary if we are to meet our challenges at home and abroad.

The deterioration in our economy over the past 7 years makes it imperative that we take immediate steps to stimulate the economy to reverse the trend and to achieve a high rate of economic growth. Area redevelopment legislation is one of several such actions.

As of January 1961, the national unemployment rate was 7.7 percent of the labor force. Seventeen major distressed areas in the Nation have an unemployment rate three-fifths higher than the national average.

The number of distressed areas has risen since President Eisenhower vetoed the 1960 Area Redevelopment bill. In March 1961 101 of the Nation's 150 major industrial areas had 6 percent or more unemployed; 184 smaller areas also had unemployment of 6 percent or more.

C. Senate action

By a 63-27 vote on March 15, 1961, the Senate approved an amended version of S. 1, which conforms in most respects to the administration's bill, H.R. 4569. It authorizes a \$394 million program of loans and grants to help rehabilitate the 103 industrial and numerous rural areas designated as chronically depressed areas.

Senate debate centered on control of the program, method of financing, and the amount of expenditures. Senator DOUGLAS, Democrat, of Illinois, sponsor of the Senate bill, originally wanted a new independent agency to administer the program, but yielded to administration wishes that it be placed in the Commerce Department.

DOUGLAS' plan to finance the program through Treasury borrowing instead of requiring annual congressional appropriations survived on a 49-45 roll call vote.

Attempts to scale down the size of the program were defeated as was DIRKSEN's substitute bill providing only a \$180 million program. Under the Senate version, the program would expire June 30, 1965 unless renewed by Congress.

D. House Banking and Currency Committee action

During 2 weeks of hearings on the administration's bill (H.R. 4569), testimony supporting the measure was presented by the Secretaries of Commerce, Labor, and Agriculture. The bill was also supported by witnesses representing the AFL-CIO, United Mine Workers, National Farmers Union, American Municipal Association, U.S. Conference of Mayors, and the National Rural Electric Cooperative Association.

Representatives of the U.S. Chamber of Commerce and the NAM appeared in opposition to the administration bill.

The committee substituted the language of the House bill for the provisions of S. 1 and reported the amended bill on March 22, 1961. (For detailed provisions see H. Rept. 186.)

E. Major provisions of S. 1 (H. Rept. 186)

1. Authorizes \$394 million in Federal loans and grants for redevelopment of economically depressed industrial and rural areas.

2. Establishes 3 separate \$100 million revolving loan funds, financed by regular congressional appropriations:

(a) Urban redevelopment loans, and (b) rural redevelopment loans may be used for industrial and commercial projects, including construction of new plants, rehabilitation and improvement of existing buildings, and in certain cases, for the purchase of machinery and equipment; may be made for a period of up to 25 years and cover up to 65 percent of the cost of the project; a minimum of 10 percent must be met by State funds and 5 percent must be provided by private lending facilities. The interest rate is based on the average current yield of outstanding Treasury bonds of comparable maturity, plus one-half of 1 percent to cover overhead cost.

(c) Public facility loans may be used for construction and improvement of public facilities within redevelopment area; may be made for a period up to 40 years and cover 100 percent of the total cost of the project.

3. Authorizes \$75 million in Federal grants for public facility expansion in areas where it is not practical to use the loan program described in 2-c above. All loans and grants listed are contingent on approval of a local economic development program.

4. Authorizes annual appropriation of \$4.5 million for subsistence payments for unemployed workers who are taking part in an authorized training program and \$10 million annually for retraining subsistence payments.

5. Makes permanent the authority of the Small Business Administration to make loans to local development corporations.

6. Permits redevelopment areas to participate more fully in the urban renewal program by amending the Housing Act to permit urban planning grants to be made directly to cities and counties in redevelopment areas without time-consuming delays.

7. Authorizes annual appropriation of up to \$4.5 million for technical assistance for studies as to how redevelopment programs may be best utilized.

8. Contains an "antipirating" section to forbid the use of funds to assist businesses in relocating "totally or partially" from one area to another.

Mr. PATMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members speaking today in Committee may have permission to revise and extend their remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: Both Houses agreed to conference report on sugar bill. Both Houses received conference report on supplemental appropriation bill, and House agreed to it. House passed depressed areas bill. House passed reorganization bill. Rep. Schwengel criticized feed grains program. Both Houses received President's proposed housing bill. Sen. Wiley urged inclusion of cheese in school lunch program. President approved bill to modify restriction on farm operating loans. Sen. Keating introduced and discussed farm labor bill. Sen. Sparkman introduced and discussed housing bill.

HOUSE

1. SUPPLEMENTAL APPROPRIATION BILL, 1961. Both Houses received the conference report on this bill, H. R. 5188 (pp. 4901, 4903, 4961-2). The House agreed to the conference report and acted on amendments in disagreement (pp. 4962-5). The conferees eliminated the items on reimbursement of CCC for various programs. The item on the Development Loan Fund was reduced to \$50,000,000 and limited to the Western Hemisphere. (H. Rept. No. 211).
2. DEPRESSED AREAS. Passed, 251-167, with amendments S. 1, to provide aid for depressed areas (pp. 4904-55, 4978). Rejected, 139-242, an amendment by Rep. Widnall in the nature of a substitute, which eliminated the provisions for rural areas and provided for USDA to make a study of this subject (pp. 4928-39). Later rejected a motion by Rep. Widnall to recommit the bill with instructions to report it back with his amendment included, by a 125-291 vote (pp. 4949-54).

Agreed to the following amendments:

- By Rep. Halpern, to make clear that the bill should not result in "raiding industry from one area of the United States to another." pp. 4945-6
- By Rep. Multer, to provide that existing facilities of other Federal agencies would be used "to the fullest extent practicable" rather than "whenever possible." p. 4946
- By Rep. Davis (Ga.), to reduce the number of supergrades from 15 to 5. p. 4947
- By Rep. Montoya, to make clear that the bill would authorize vocational training programs wherever they are feasible for agricultural workers who are unemployed out of season. pp. 4947-8
- By Rep. Montoya, to direct the Commerce Department to establish and conduct a research program on the causes and solutions of unemployment, etc. p. 4948

3. REORGANIZATION. Passed without amendment S. 153, to continue from June 1, 1959, to June 1, 1963, the President's authority to institute reorganization plans unless they are vetoed by Congress. A similar bill, H. R. 5742, was laid on the table. Rejected an amendment by Rep. Hoffman to prohibit effectuation of plans unless approved by a positive vote in both Houses. This bill will now be sent to the President. pp. 4955-61
4. FEED GRAINS PROGRAM. Rep. Schwengel criticized this program and referred to a statement by Dr. Cochrane regarding the anticipated price of corn under the program. p. 4980
5. PURCHASING; SMALL BUSINESS. Rep. Multer reported on recent work and findings of the Small Business Committee regarding Government purchasing, etc. pp. 4965-9
6. PEACE CORPS. Rep. Libonati made various suggestions for administration of the Peace Corps and inserted questions to Mr. Shriver and his answers. pp. 4969-72
7. APPROPRIATIONS. Received from the President amendments to the 1962 Budget for various Government agencies (H. Doc. 129); to Appropriations Committee. p. 4984
8. LEGISLATIVE PROGRAM. Agreed to a concurrent resolution to provide that when the House adjourns today, Mar. 30, it shall stand adjourned until Mon., Apr. 10. Majority Leader McCormack stated that he knew of no business to be transacted on Apr. 10. It was agreed that, on Apr. 11, bills will be in order for consideration under suspension of the rules (if cleared with the minority leadership) and also the Private Calendar. The House is to consider today, Mar. 30, a bill to extend the loan guarantee authority of ICC. pp. 4976-7

House of Representatives

WEDNESDAY, MARCH 29, 1961

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

John 3: 17: *God sent not His Son into the world to condemn the world; but that through Him, the world might be saved.*

Almighty God, during this Holy Week, we are commemorating events in the life of our Lord, whose spiritual significance our finite minds cannot comprehend.

We rejoice that when there was no eye to pity and no arm to save, then in the fullness of time Thou didst send Thine only begotten Son, who, on Good Friday, laid upon the altar the acceptable sacrifice of His own life.

May these days be for all of us not only a time of commemoration but of consecration when we are seeking to share in our Master's redemptive ministry.

Show us how we may release the hidden splendor of humanity, emancipating it from everything that defiles and degrades the soul of man and mars the image of God in which we have been created.

Hear us in the name of the Captain of our salvation. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 107. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating projects of the Colorado River storage project, and for other purposes.

S. 1358. An act to repeal section 12 of the act of June 26, 1904, prohibiting a charge or collection of fees by consular officers for official services to American vessels and seamen, and to repeal the provisions of the act of June 4, 1920, authorizing the free issuance of passports to seamen.

The message also announced that the Vice President had appointed Mr. Charles William Engelhard, Jr., of New Jersey, Mr. Elmo B. Roper, Jr., of Connecticut, Mr. Douglas Wynn, of Mississippi, Mrs. Edith S. Sampson, of Illinois,

Mr. Alex Warden, of Montana, Mr. Christian A. Herter, of Massachusetts, Mr. William F. Knowland, of California, Mr. Ben Regan, of Illinois, Mr. David Rockefeller, of New York, and Dr. Francis S. Hutchins, of Kentucky, to the U.S. Citizens Commission on NATO.

THIRD SUPPLEMENTAL APPROPRIATION BILL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the third supplemental appropriation bill, H.R. 5188.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object, this deficiency appropriation bill has been tremendously increased in cost since it left the House by reason of some 90 amendments put on the bill by the other body. I would hope that the House would have ample time to study this conference report before it is called up. I assume the request of the distinguished majority leader means that it could be called up tomorrow morning or tomorrow afternoon; is that correct?

Mr. McCORMACK. Well, if I might make an observation, I am simply a conduit to make the request. Now, in answer to the gentleman's question, I would say that if the conference report is not filed tonight, the only opportunity to read the report would be in the morning. I think that observation is practically correct.

Mr. GROSS. I am only pleading for time for Members of the House in view of the fact, as I understand it, that there are some 90 amendments to this bill to study and know what is in the conference report.

Mr. McCORMACK. Of course, this is the customary way to do it.

Mr. GROSS. I am well aware of that. But, I do believe that Members should have an opportunity to examine the conference report that may carry an abnormal number of amendments and changes of language.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. HALLECK. Mr. Speaker, further reserving the right to object, I knew, of course, of the addition of these very substantial amounts in the other body. To my mind, they are completely unjustified. It may be that some consider it a matter of bookkeeping, but I believe it is more than that. Now, I shall not object

to this request because I am quite sure that the managers on the part of the House are not going along with those additions that were made in the other body. I certainly do not think they should. I think they ought to stand for the House position.

We passed a bill providing for supplemental appropriations that I think contained all that is needed at this time. As far as I am concerned, I am not going to object, but I express the hope that the managers on the part of the House will maintain the House position.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EDUCATION SUBCOMMITTEE OF COMMITTEE ON EDUCATION AND LABOR

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Education of the Committee on Education and Labor be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALL OF THE HOUSE

Mr. KILBURN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 31]

Alford	Harrison, Va.	Shelley
Breeding	Holifield	Short
Buckley	Jensen	Spence
Cannon	McDonough	Taber
Celler	McSweeney	Thompson, La.
Davis, Tenn.	Macdonald	Willis
Durno	Morrison	Wilson, Calif.
Findley	Morse	Wright
Fino	St. Germain	

The SPEAKER. On this rollcall 405 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF VOTE

Mr. KING of California. Mr. Speaker, on rollcall No. 22 I am recorded as not voting. I was present and voted

"aye." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SUBCOMMITTEE ON UNEMPLOYMENT AND AUTOMATION

Mr. HOLLAND. Mr. Speaker, I ask unanimous consent that the Subcommittee on Unemployment and Automation of the Committee on Education and Labor be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Friday, March 31, to file a report on the bill H.R. 6027, including minority views and individual supplemental views.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

AREA REDEVELOPMENT ACT

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment in certain economically distressed areas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 1), with Mr. Boggs in the chair.

The clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Texas [Mr. PATMAN] had 52 minutes remaining and the gentleman from New York [Mr. KILBURN] had 58 minutes remaining.

The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, first of all I want to express my wholehearted support of S. 1 as amended by the House Committee on Banking and Currency. I shall leave questions of technicalities and the composition of the legislation to members of the Committee on Banking and Currency.

It will be my purpose, Mr. Chairman, since my State of West Virginia has the greatest unemployment and is at the bottom of the economic totem pole to devote the time allotted me to the consideration of some situations in West Virginia.

This photograph shows a typical mine tippie in West Virginia. More than one-half of the tipples in West Virginia are now closed and they are crumbling to waste material because the mines are no longer in use. The point I want to make here is that coal is an important factor in national defense. If mine installations like this one are allowed to depreciate, what will be the situation in a basic fuel as necessary as coal in the event we had a third world war? I mention that to show its importance to our national defense. This is a typical mine tippie. You can see what is happening to it.

Here is a mine that has been closed. Here is the mine foreman. There are no men working. This is another installation that is depreciating, but it may be needed before many more years.

Here is a typical mine company store, boarded up, not in operation during the last year. Four hundred miners were employed at that installation.

This shows a typical notice on the side of the company house telling them to apply for jobs, but the window is boarded up. There are no jobs.

Mr. Chairman, I want everybody to see this one. Here is a bus used by the company to transport miners to their mines. Today it is occupied by a family of four as a home for an unemployed miner.

Here is a typical situation in a miner's home in West Virginia in which this family lived. You can see the coal burner there and the wrack and ruin inside the home of a typical miner.

I hope you all have an opportunity to observe this one. This is the unemployment situation in West Virginia areas of substantial unemployment. I call your attention to the fact that the distressed areas in West Virginia parallel largely our areas of coal production. Coal is in difficulty, and every coal area in West Virginia is in difficulty. In these red areas indicated on this map there is an excess of unemployment of 30 percent. While in the State as a whole it is not that high, these are the outstanding areas of unemployment. In these areas marked in red over 35 percent of the people are living on surplus foods.

On this map the counties marked in red have lost population in excess of 40 percent between 1950 and 1960.

Here are the public assistance payments. Notice the rise during the 10-year period, and they are still mounting.

Here is the out-migration, showing the percentage of people who have left West Virginia to try to find jobs in other areas. This would indicate that some counties have lost from 20 to 50 percent of their population, and some even more. The others are less, of course. But the people of West Virginia have honestly tried to find jobs abroad but have not been able to find them because of the fact that 101 of the 154 economic areas have the same situation, although not quite as bad as West Virginia has, but there is unemployment all over the Nation.

Here is your per capita income for West Virginia. Notice that these red areas here are \$900 to \$1,299 of income.

In the white areas the income is from \$1,300 to \$1,699. In the other areas like this area here it is \$1,700 to \$2,099. The national average is \$2,247. West Virginia's average is \$1,700, over \$500 below the average income of the people throughout the Nation.

I know my time is limited, but I would like to make this appeal to you. Ten years ago when we found approximately 4,000 of our school districts throughout the county impacted you rallied to my legislation and set up legislation for making payments by the Government for having impacted school districts. It was a very popular piece of legislation. I submit that the Federal Government by legislation on the statute books, overt action by the Congress itself, has impacted these distressed areas.

Seventy-five percent of the economic troubles in the State of West Virginia and the unfavorable conditions in West Virginia have been brought about by the administration as well as the maladministration of our present trade agreement policies. Do not let them tell you that our troubles in West Virginia are due to automation. We have lost 27½ million tons of our soft coal markets as a result of the importation of cheap residual oil from Venezuela. As a result of the way our present trade policies are being administered, we have had just as much of an impact as a result of the actions of the Government in these distressed areas as there was in the 4,000 school districts.

When it comes to the matter of school districts, I have been witnessing as chairman of the committee hearing Members of Congress tell about how terrific the Government impact has been on their districts, and I am a little bit surprised that there is not a little more interest shown on this economic impact as a result of the trade agreement policies that is very, very serious, indeed.

Let me tell you that testimony was brought out before my Committee on Education about a week ago showing that schoolteachers in the State of West Virginia are receiving as their basic, beginning pay as low as \$1,500 a year.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. PATMAN. Mr. Chairman, I yield 2 additional minutes to the gentleman.

Mr. BAILEY. Mr. Chairman, my State of West Virginia is not asking for charity. All we want in West Virginia is jobs. At least six and possibly seven of the major industries in the State of West Virginia are suffering under the handicap of too much competition from foreign imports. If that situation were remedied, we would not be in a bad economic condition in West Virginia. I ask you to give serious consideration to the needs not only of my State of West Virginia but to the needs of all of the other States that have been impacted by government activities and by Federal legislation.

Mr. Chairman, I want to express my appreciation for what was done by the Committee on Banking and Currency. Section 5 of the original bill stated that

these grants and loans are being made to compensate distressed areas for injury suffered as a result of certain Federal laws and the reciprocal trade agreements act was named as being one of those Federal laws. I asked the committee to take that out because I would feel somewhat embarrassed to support a bill which would not solve the economic difficulties of the State of West Virginia. The passage of this bill will not solve the problems we face in my State. It will be a temporary shot in the arm, but it will not solve these economic problems. We are simply asking you to give us the same consideration that was given to large parts of this Nation.

Mr. Chairman, I appreciate this opportunity to plead the cause of my State of West Virginia before my colleagues.

Mr. KILBURN. Mr. Chairman, I yield 7 minutes to the gentleman from Pennsylvania [Mr. SCRANTON].

(Mr. SCRANTON asked and was given permission to revise and extend his remarks.)

Mr. SCRANTON. Mr. Chairman, coming from an area which is highly interested in this legislation, as almost everybody in this Chamber knows, it would be very remiss of me at this time if I failed to thank the Republican leadership of the House for the opportunity to serve on this committee, and to thank the eminent ranking minority member of this committee [Mr. KILBURN] for giving me the opportunity to serve on the subcommittee. I am exceedingly grateful to that distinguished Member of this body, the gentleman from Kentucky [Mr. SPENCE] who heads our committee and the distinguished Member, the gentleman from Texas, the head of the subcommittee [Mr. PATMAN], for their courtesies and kindnesses shown me in the hearings and in the meetings of the committee.

There is a reason for this gratitude, and the reason goes deep: A great many people of my area have had this condition of chronic and persistent unemployment for a period of many years. This area was one of many which immediately after World War II started an effort of its own to establish a community organization, to establish more businesses and more enterprises, and to build plants. The results were amazing.

Because this was the first such approach, the first such community corporation formed, it was copied and followed by a great many others, in foreign countries as well as our own, and we have had as many as 200 delegations come to our county to learn what we have done and to follow in our path.

Many depressed areas have tried to the best of their ability to provide self-help. They have gone to the people over and over again. Some 51,000 people in Lackawanna County alone have given money in order to pick themselves up by their own bootstraps; and these people and many others in the country have established such organizations and have done the best they could to help themselves. The result is that we now have a great number of such community corporations. In addition there are

many smaller communities in long-distressed areas which unfortunately are in no financial shape today, nor have they been over many years, to carry on such self-help without some outside source of financing.

Essentially, therefore, I support this bill, not to give these places of persistent and substantial unemployment certain advantages over more prosperous communities, but simply to give them an opportunity to compete or, to put it colloquially, "to catch up." They have tried on their own, they have obtained bank help, they have obtained some help from insurance companies, some State help, but, unfortunately, a great many of them have now run out of money or are in the process of running out, or are in such condition that they are unable to borrow because of legal limits on their indebtedness.

The fact is that in this Nation today financing of industrial plants has become a common practice, so common in fact, that industry just assumes it will be available. It is available almost without limit almost everywhere in the Nation except in distressed areas. So availability of financing through public or private means is assumed by industry, and that is exactly why the labor surplus areas find themselves at such a disadvantage without such financing.

Without this additional source of financing many of these areas are unable to develop public facilities, and this is a dire and extreme need in certain areas. Why? Because without industry you do not have the tax source to keep up with the rest of the Nation in the development of public facilities; and, without public facilities, industry is not interested in locating in an area. It is, in essence, a vicious spiral; one goes hand in hand with the other.

I have tried to describe a situation that maintains in a great many areas. Let us see how it occurs and why it is something that must be attacked, why this program will work and why it will do the job. Let me give you just one example, an example from our own area, if you will, but which I think is extremely important.

Most of these communities, as you well know, have established a system of self-help. They have an organization. They have built plants. These plants have been leased or rented to industries. The result is that in the course of time by rentals, or by purchasing the plants the money comes back, and it comes back well and finally. The same thing is happening to all of our community organizations we have established; it is happening in States where they have aided in financing for this purpose, and it will happen with the Federal Government if it steps into the field.

Remember, this is not a handout, and a handout is not what we want. We want simply another source of financing, the kind of financing we have been doing in our States and the States have been helping us to do. These communities have gone to the people over and over again for money and many have reached the limit of what can be raised locally.

Likewise, we are not in the least interested in having Federal control over this system. We believe that having done it ourselves, through our own local leadership and initiative, that is the way to do it, that is the most effective way.

I am pleased to state to you, Mr. Chairman, that the Secretary of Commerce in his testimony before our subcommittee made it very clear he feels likewise; that local leadership and local initiative are the basic essentials of this program as they have been over the past 15 years.

In short, this whole program is not intended in any sense as a method of having the Federal Government get into an area where it does not belong. It is intended as a separate step of financing of exactly the same type we have been doing locally through the people, out of their own pockets, and with the help of banks and other institutions.

It is, as I say, an answer to this problem which, instead of giving out Federal money as a handout, acts as an impetus to private enterprise, so that private enterprise takes over the buildings just as we would like to have them do once they are paid for by rentals or by purchase.

Two last points. It has been pointed out before, and I reiterate, this bill is a better bill than any that has yet come before the House for consideration. Why? Because it has four features recommended by the Eisenhower administration—the direct method of appropriation, a strong antipiracy provision, criteria which was recommended by the Eisenhower administration and, last but by no means least, the administration of it is placed in the Department of Commerce.

That leads me to make my last point, which is basic, in my opinion. Certainly for a bill of this type which gives a great deal of discretion to the administrator it is very important as to how it will be administered. I recommend to every Member of this body that they read the testimony given before our subcommittee by the Secretary of Commerce, Mr. Hodges, not for any specific words but for his general approach to this problem. Here is a man who quietly and sincerely has the proper and correct approach.

He wants this legislation to be used as an impetus to private enterprise, and not as a Federal takeover. He makes it very clear that first and foremost in his mind is an effort to make this the kind of program that will fit into our private enterprise system. He wants this legislation used as it is intended for those areas that most need it so that we can revive the economic status of them and give them an opportunity to catch up.

Clearly I favor this legislation.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I would like to compliment the gentleman on an excellent statement and also on his hard work on this subject. It is encouraging to find someone like him who went into this thoroughly and knows what he is talking about.

Mr. SCRANTON. I thank the gentleman.

Mr. Chairman, as a further extension of my remarks made during the course of today's debate on the Area Redevelopment Act, I submit the following:

ANSWERING OPPOSITION ARGUMENTS

In the subcommittee hearings, testimony in opposition to this legislation has centered around four main arguments. The first of these is piracy. All who testified recognize the necessity for freedom of movement by industry and, in fact, advocated such mobility. Industry will move, and does.

In the first instance, the corporation itself makes a decision to relocate. Then, there follow innumerable factors involved in picking the site. Financing is only one of these factors; others being markets, transportation, educational and recreational facilities, housing, labor relations and so forth.

I firmly believe that pirating by depressed areas is tremendously over-emphasized and, in fact, has been turned into something of a "red herring" or shibboleth. In my own district, for example, of 32 new industries that have come to our area through our local financing arrangement, only two have been relocations which have involved only 155 employees. I think Secretary Hodges, in his testimony, hit the nail on the head, and I quote:

Gentleman, these areas are now not in balance. They are not competitive economically with other places in the Nation. You can do a whole lot for them and still they won't be as good as the average industrial and rural community of this country.

The subcommittee and full committee have established the strongest anti-piracy provision in the history of this legislation. It states unequivocally, in section 6(a), "Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another." In addition, there is the very strong right arm of congressional pressure in the event of an attempt to use Federal funds for relocations of industry, once this legislation is passed.

The second main argument is that this legislation is discriminatory in favor of certain areas as opposed to others. This same argument may be used for almost anything that this Congress does. Any time you appropriate for airports, or dams, or rivers, or highways, or defense installations, or harbors, and so forth, you are using tax money obtained from certain areas for the benefit of others. I think this is no argument at all.

The third major charge made against this legislation is that it is based on a handout, or, at the very least, a Federal intervention into an area where the Federal Government does not belong.

This legislation was planned to assist certain areas that have been subjected to chronic unemployment for various reasons. I submit that it will not act as a handout and, in fact, is a far better way of handling this problem for the areas concerned and the unemployed than one of continued extension of unemployment compensation by both the

National and State Governments. For this legislation helps to give a permanent answer to the problem, and not merely a temporary doling of money. It has, in fact, proved just that. It acts as an impetus to the creation of more private enterprise.

Let me give you an example. The programs of self-help in northeastern Pennsylvania have resulted in many new plants being built there. These plants are built and financed by community development, nonprofit organizations. They build plants and then lease them to industrial tenants who, over a period of years, pay off the investment of the community corporation and eventually, through rental payments or outright purchase, own the buildings.

This is no different than what occurs with insurance or other institutional financing or, for that matter, corporate financing itself.

With the advent of the Pennsylvania Industrial Development Authority, communities were helped by the State taking second mortgages on the buildings. These, too, are paid through the rental or the purchase of properties by the industries themselves.

Exactly the same course would take place with the Federal loans that are provided for in the legislation before us.

Accordingly, what happens is simply this—and it has happened over and over again in our area. The industries, through their payment of rent or outright purchase, pay back to the community corporation or the State government, or the banks—and now perhaps the Federal Government—the funds that are used for this industrial development, and the plants themselves are in the hands of private enterprise, as we all desire them to be.

I repeat, this is exactly what has happened in our area, and what will continue to happen under this legislation.

The last main argument used against this legislation is that it is pointless because the money will simply be wasted and will accomplish no results. Or, that it isn't enough money to do the job.

If the road to industrial rehabilitation is 20 miles long and a community like those of northeastern Pennsylvania that I have described has been able to travel the first 10 miles on its own resources, it is pure nonsense to argue that Federal funds needed now, for the last 10 miles of the road, will be used for the same purpose and in the same way as the now exhausted local money was used on the first 10-mile stretch.

Incidentally, isn't it ironic that the same witnesses who tell us that this legislation is bad because it will be so effective that it will lead to pirating are invariably the same witnesses who tell us that this legislation is bad because it won't help the distressed areas at all? These arguments, frequently offered by the same witness, are not even consistent. The truth, of course, lies where it usually does, somewhere in the middle. The truth is that Federal funds, though they contain no magic to pirate industry from one area to another, are absolutely essential if the economically distressed

areas are going to be able to continue the self-help programs which they have so courageously begun.

ALTERNATIVES

I have attempted to answer the main arguments against this legislation. I now raise the question of what the alternatives are to it.

The U.S. Chamber of Commerce and others recommended moving the unemployed. I completely disagree with this thesis. Clearly, there will be, in the course of time, necessity for moving people from some areas that are not economically viable. But to take hundreds of thousands of people and tell them they must go somewhere else to live is, in the first instance, callous and inhuman and, looking at it utterly realistically, it is uneconomic.

The expense of moving people and the establishment of new houses, streets, sewers, schools, and all the facilities for same is far beyond the expense of establishing industry in the areas where they already live. In addition, of course, there is tremendous waste involved in abandoning the selfsame facilities in the areas where they now live. Unemployed peoples for the most part do not have the means to make such moves and, by moving, clearly they would lose most of their present assets.

The second alternative is what we are presently doing—paying unemployment compensation and public assistance. This, too, is fantastically wasteful in comparison with efforts for putting men to work. In the State of Pennsylvania, in the year 1960, \$82 million was paid in unemployment compensation and \$48 million in public assistance. If the unemployment rate were reduced to 3 percent, this would mean a \$90 million per year saving in that State alone.

Besides being tremendously expensive, such sums do not solve anything. They simply help people to subsist temporarily. In contrast, this legislation, through its impetus to private initiative and enterprise, fosters a permanent solution to unemployment.

ADMINISTRATION

Much of the success of this legislation will depend on its administration. Personally, I was greatly impressed by Secretary Hodges' approach to this subject. He sees this in its proper light, designed to help those areas which are truly areas of substantial and persistent unemployment, and as a method of fostering their economic comeback through giving an impetus to a free economy.

I quote from his testimony:

Mr. Chairman, and gentlemen of the Committee: I think that the very passage of this bill will give heart to many of these thousands. Now, it is true that they will not all be taken care of. Nothing ever does that. But we can make a start.

I would just like to say this: I am basically a conservative. I talked with three people the other day from one of the Western European countries who were over here, people I knew very high up in business and government, and that country has imported 300,000 laborers to take care of the jobs and there are still a hundred thousand more jobs than they have people. It is a country that we in this Nation helped to build up to its present condition, where now they not only

have money, they have more jobs than they can take care of. They cannot find enough people.

It seems to be a shame that in areas, whether it is eastern Kentucky, eastern Pennsylvania, or where, that we cannot do something to help take care of some of our own people even though it looks on the face of it, at times, like we are trying to give away money. Actually, we can inspire these people in the various areas to do something themselves. I don't like to see the Federal Government do everything, and I believe we can inspire these various groups to do something. There have been various questions raised about piracy. I know what they are talking about because I have had letters from other States already, saying we are against this because we don't want somebody to move out of our State; we are afraid they will move to a depressed area, and so forth.

Gentlemen, these areas are now not in balance. They are not competitive economically with other places in the Nation. You can do a whole lot for them and still they won't be as good as the average industrial and rural community of this country.

So I think we ought to see, whether it is in Kentucky, West Virginia, where your coal mines are pulled out, or wherever, what we can do. You have the basic problem, of course, of people, whatever their economic condition is, not wanting to leave home. That adds to this difficulty, so it would call for retraining, it could call for some relocation of people in isolated places, but I hope we will make a start on it because I think it is the human and proper thing to do, and it is no more than we are doing for people in other parts of the world.

Mr. Chairman, by his testimony, the Secretary of Commerce, to whose Department this legislation will be assigned for administration, has shown a sound, sensible, and reasonable approach to the problem. In my opinion, his is the proper approach, for this legislation is designed to assist the areas of substantial and persistent unemployment, and not to be used as a "boondoggle" or as an opportunity for master planning of our entire economy. The Secretary sees it in the proper light, and hopefully will see to it that the administration of this legislation will follow his philosophy.

Mr. KILBURN. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS. Mr. Chairman, I would like to congratulate the last speaker on a very fine and clear-cut statement of his position. I should like to ask him one question, if I may.

Have the communities or the development corporations in Pennsylvania made any use of their borrowing authority from the revolving fund of the Small Business Administration?

Mr. SCRANTON. Yes, they have. In fact, we have in the counties, for example, that I represent, many small business loans.

Mr. JONAS. I do not mean that. I mean loans to publicly owned investment and development corporations organized within the State, and not loans to individual small business concerns.

Mr. SCRANTON. Yes, they have, sir, to a certain extent. Our great problem, as I tried to point out, is that we are using now every source of financing but we still need more.

Mr. JONAS. I thank the gentleman. I asked that question because the

Washington Star for March 27 quoted Mr. John E. Horne, head of the Small Business Administration, as inviting local chambers of commerce, planning organizations, and development agencies to take the initiative in organizing development companies which can make application for loans out of the revolving fund of SBA. The story says that fewer than 100 loans have been made to State and local development companies during the 2½ years that SBA has been authorized to make such loans.

I was interested in that, because my State is one which has a well functioning business development corporation, and it has already obtained a million dollar loan out of this revolving fund and has a commitment for another million dollar loan.

Now, the report of the Small Business Administration for the 6-month period ending December 31, 1960, shows that up to that date a total of \$17,405,224 had been loaned to State and local development companies to be used by them to promote the purposes of this legislation. In addition, a total of \$26,022,156 has been committed for future loans. This makes a total of \$43,427,380 either already lent to these State and local development corporations or committed, and the report shows \$152,422,881 available balance as of December 31, 1960. Now, that is a substantial sum of money and it appears to me that the States that have business development corporations are making a mistake if they do not take advantage of the borrowing authority out of this revolving fund.

While I am on this subject, may I ask the gentleman from West Virginia, who made a very appealing statement, a question if he is in the chamber? Or, may I ask anyone on the committee, is it true—and I read this in the testimony of one of the witnesses before the committee—that during the last 10 years more than \$2 billion in new plant investment has been made in West Virginia? Is that correct, or does the record confirm that statement?

Mr. BAILEY. That is not true.

Mr. JONAS. I saw that statement in the testimony before the committee and it was not challenged. The statement was that during the last decade \$2 billion had been invested in West Virginia in plant expansion.

Mr. BAILEY. That is not true. It is true that we brought in an installation known as the Kaiser Aluminum Co. in the last 10 years, but no figure even approximating \$2 billion in investment.

Mr. JONAS. May I ask the gentleman one other question. Does West Virginia have a business development corporation?

Mr. BAILEY. Just what does the gentleman mean by that?

Mr. JONAS. A publicly owned development corporation organized to help locate industry within the State or in expanding existing industry, with authority to borrow funds from the Revolving Fund of the Small Business Administration and otherwise to carry out its corporate functions.

Mr. BAILEY. We have a service carried on by our State Publicity Bureau, an industrial group set up by law.

Mr. JONAS. We have a Development Corporation in North Carolina, and I would like to call the Committee's attention to its record during the last 5 years.

Mr. BAILEY. Mr. Chairman, will the gentleman yield to me for just a moment?

Mr. JONAS. I yield.

Mr. BAILEY. We have a lot of so-called community groups over the State trying to interest industry to come in, but there is no active organization other than that carried on through our Governor's office.

Mr. JONAS. I thank the gentleman.

Mr. BAILEY. One other thought, please. Let me say that the State will only be benefited temporarily by this type of legislation. Basically something else will have to be done.

Mr. JONAS. Well, we have a Business Development Corporation in North Carolina. It was organized under the leadership of then Governor now Secretary of Commerce Hodges 5 years ago and has had a very successful career as I will point out shortly. Before doing that, I would like to say that if we are going to have this legislation I am gratified that the administration will be under the direction of Secretary of Commerce Hodges instead of under a separate and new bureau. Secretary Hodges has had a great deal of experience, during his 6 years as Governor of our State, in the location of industry and I am sure he will do a better job of administering this program than one who might be brought in from the outside. It isn't because the responsibility of this proposed program is placed upon the Secretary of Commerce that I question the advisability of this legislation but for entirely different reasons which I will state later.

As a matter of fact, the Department of Commerce is already active in the field encompassed by this legislation. This activity is under the Office of Area Development and this office has described its activities as follows:

The Office of Area Development in the Business and Defense Services Administration serves as a central point in the Federal Government where State and local organizations, public and private, can obtain information on Federal programs available to communities seeking assistance in their economic development activities. Technical advice and guidance, based on the successful experiences of other communities, is a key factor in the Office's assistance to labor-surplus areas in developing new jobs.

But now I would like to give you a report on the experiences of the Business Development Corp. of North Carolina, to show what can be accomplished in bringing new industry to a State and in expanding existing business enterprises to provide new jobs. This corporation was organized for the purpose of promoting, developing, and advancing the economic welfare of our State. The fifth annual report shows that there are 1,802 stockholders of this corporation. Capital funds were supplied to the corpora-

tion as follows: 85 commercial banks provided \$2,906,000; 13 life insurance companies provided \$1,105,200; 40 building, savings and loan associations provided \$1,093,000. This makes a total of \$5,104,200. In addition, the corporation has borrowed \$1 million from the Small Business Administration and has in hand a commitment from SBA for another \$1 million.

Since the start of operations in 1956, the corporation has approved 131 loans totaling \$15,915,965. Some of the loans were to finance the construction of new plants and the expansion of existing ones, for the acquisition of machinery and equipment, working capital, and for payment of existing indebtedness. The direct result of this activity was maintaining employment for at least 8,356 people and creating employment for an additional 13,540 people, or a total of 21,896 jobs.

As of December 31, 1960, all installments on loans were current. Additional applications for loans are being processed daily. The operations of this development corporation have been so successful that at the October 12, 1960, meeting of the board of directors a dividend of 10 cents per share was declared on the capital stock. This is truly an example of how a State can by aggressive and imaginative action, and through the aid of existing agencies of the Federal Government, promote its own business prosperity and economic welfare.

Mr. Chairman, may I say also that we have other Federal programs that are available for assistance without setting up a new organization which will duplicate the work that is already being done by various other Federal agencies. For example, we have a Community Facilities Administration in the Housing and Home Finance Agency. May I quote one statement from the last report of that agency?

By the end of November 1960 local communities had been assisted in the provision of new or improved facilities through 294 net approved loans for almost \$90 million. In addition, 37 loans for \$10 million have been canceled after approval due to subsequent availability of private financing.

The Community Facilities Administration also makes advances to local communities for advance planning on public works projects. This program is financed from a revolving fund to which appropriations are authorized up to \$48 million. Through the end of fiscal year 1960, this agency approved advances amounting to some \$34.2 million. Under the program for the current year and that proposed for fiscal year 1962, net approved advances will reach \$55 million with a potential construction cost of \$3.3 billion.

The Department of Agriculture, through the Farmers Home Administration, is making loans to farmers, and it also has a rural development program instituted in 1955.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. The gentleman earlier spoke about \$2 billion in new plant investment, as testified to by somebody on page 230 of the subcommittee hearings. It reads as follows:

When we consider that in the past decade more than \$2 billion in new plant investment has been made in West Virginia, yet there remain areas of chronic distress, just what might be the effect of West Virginia's share of \$389.5 million fund? * * * With the need for investment of at least \$15,000 to create one job, just think of the inadequacy of these funds to meet the apparent present needs for jobs.

Mr. JONAS. That was the statement I remember reading in the hearings. I should like to quote one other statement made by the same witness, which I think points out the fallacy of this approach:

The laws of economics cannot be revoked by the Congress. Neither can the facts of geography, the absence of natural resources, the location of markets, the desires of the consumer, or the personal will of the worker be radically affected by anything you place upon the lawbooks.

It is my judgment that credit, in addition to what is already available through Government agencies and from private and commercial sources, will not be decisive in locating industry in depressed areas. There are many and more important factors, such as aggressive leadership on the State and local level, availability of markets, labor supply, transportation, government, climate, availability of water and power, individual site characteristics—and of course many others—that will determine where industry will locate or relocate.

This bill will not do what its sponsors hope. If I thought it would, I would support it. I think the result will be a cruel disappointment to those who hope for so much from it.

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. MAGNUSON].

(Mr. MAGNUSON asked and was given permission to revise and extend his remarks.)

Mr. MAGNUSON. Mr. Chairman, I rise in support of the area redevelopment bill, S. 1, as reported from the House Committee on Banking and Currency. The national economy has reached a state that requires comprehensive and prompt action. As of January 1, 1961, 103 areas in 26 States and Puerto Rico were in such a state as to be considered depressed areas under the requirements of the administration bill, 3—such areas being in the State of Washington—Aberdeen, Anacortes, and Port Angeles. One community in Washington State reported as much as 37 percent of its work force idle. On January 1, 1961, 7.7 percent of the national labor force was unemployed. The nature and extent of this economic distress is such that the Government can no longer wait for it to pass.

There are two forms of unemployment. The first is the interim displacement of a worker who will shortly be rehired in the same occupational area. There is no need to retrain this worker, while the normal program of unemploy-

ment compensation—though, perhaps, inadequate—is sufficient to ameliorate his interim distress. The second is chronic or permanent displacement. This is essentially different from interim short-term unemployment. Here we refer to the worker who, though skilled, suddenly discovers that his particular skill is no longer needed by industry—in some cases the industry itself may cease to function. For this worker no amount of unemployment compensation is adequate. This worker will not be re-employed—will not be employable—unless he acquires the new skills demanded by industrial growth.

It is the relief of chronic or permanent unemployment with which the supporters of S. 1 are primarily concerned. Explicit in the bill is the recognition that this type of unemployment is an area-wide disability, not limited to the individual worker. Its causes are multiple: First, excessive reliance upon a single industry or occupation—the failure to diversify; second, technological change and systems advance; third, shifts in demand—the introduction of new products and materials; fourth, migration of industry; and fifth, the depletion of natural resources—minerals and timber.

The answer to the problem of chronic unemployment is obviously complex. Often the most grievously injured are the established workers who have plied their skills for many years, who may have families and homes. When chronic unemployment strikes, property values fall, while the worker who has placed his life savings in a home finds himself unable to retrieve his equity. Even should he relocate in another area, his seniority—his job security—is lost and he is the first to be laid off in slack times. Relocation would further entail the abandonment of heavy investment in schools, roads, public utilities and private enterprise. To be sure, some workers, largely young workers, may be relocated, but clearly relocation is not the answer.

The proponents of the area redevelopment bill believe that at least part of the answer is to be found in the retraining of workers. The decline of certain industries, new technical processes, and the demands of the new industries of the space age for men of technical skills has created alternate scarcity and abundance which society has not proved sufficiently flexible to absorb. S. 1 would provide stepped-up programs for retraining workers in areas of chronic unemployment. Under the bill, 4.5 million would be appropriated annually for this retraining, to be conducted, in normal situations, by existing State vocational education agencies, with the assistance of the Department of Health, Education, and Welfare. In addition, a \$10 million annual appropriation would be provided for retraining subsistence payments, to workers engaged in such a program and not receiving other compensation, to be paid for a period of up to 16 weeks and at a rate equal to the State unemployment compensation benefits. The significant element here is that at the end of the 16-week period, the worker might

qualify for a position utilizing his newly acquired skills. Whereas, when the present system terminates, the worker is still displaced, still unprepared for productive reentry into the labor market, and compelled by necessity to rely upon the various welfare agencies.

The area redevelopment bill is geared to the presently distressed areas. Although we have every hope that it will serve its purpose, it can only be considered as an emergency measure. As reported from the Senate, the bill would lapse on June 30, 1965, unless renewed. In the interim it is incumbent upon the various areas of our economy to face squarely their responsibility. Trade unions, the traditional guardians of worker skills, must have the foresight to encourage their members to extend their capabilities, while apprenticeship programs must be directed to meet the challenge of technological advance. Private enterprise must recognize its social responsibility as a source of the commonweal, must look forward to meet market changes, and must cooperate with the trade unions in refitting and retraining to meet new requirements of our complex and growing economy.

The retraining of workers is only part of the answer. S. 1 proposed that the direction of retraining be determined by Department of Labor surveys. Extensive planning is essential at all levels to produce an efficient meeting of capability with demand. The program would be administered through an Area Redevelopment Administrator in the Department of Commerce. The local areas would survey their economic resources and with assistance from appropriate agencies, submit a program to the coordinating agency. Programs consistent with the economic needs of the area and Nation would then receive Federal matching funds in the proportion of 35 percent non-Federal and 65 percent Federal. Grants would be made available to areas where no other means of development could be found. Suitable industries would be encouraged to relocate in redevelopment areas, always on the basis of comparative advantage. Industrial diversification would be promoted. The bill extends the authority of the Small Business Administration and amends section 701 of the Housing Act of 1954, the latter to stimulate needed renewal projects both in residential housing and commercial district rehabilitation. Where a direct relationship could be shown to the total economic development, grants and loans would be made for public utility type projects—water and sewage systems, access roads, and so forth. For basic project assistance, both urban and rural, 375 million would be appropriated.

Obviously, the amount of planning necessary to conduct successfully such a program would be beyond the scope of strictly area groups—labor unions, private industries, planning bodies, and municipal and State agencies. The Area Redevelopment Administrator would, however, be expected to work in closest coordination with these area groups. The comprehensiveness of the program is its essence.

Essentially, this is a positive program. Instead of granting a mere subsistence dole, it endeavors to retrain workers and to renew their productivity. It encourages industry to relocate in areas of chronic unemployment. It encourages communities to plan for their future, and in this regard, supplies technical assistance. Mr. Chairman, it occurs to me that passage of this bill at this time is vital, not only to the depressed areas but also to the reinvigoration of our national economy.

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. MORGAN.]

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I am in favor of Senate bill 1, and I want to commend the House Banking and Currency Committee for the fine bill presented here today. For years I have been working to alleviate and aid the plight of the unemployed in my district. For the past five or six years I have joined many of my colleagues in sponsoring similar legislation. I have appeared before the Banking and Currency Committee to testify in behalf of area redevelopment bills and have also appeared before the Senate committee considered similar legislation. I have voted for every area redevelopment bill for the past 3 years and I joined in the attempt to override the President's veto. Therefore, I have a vital interest in this bill because I believe it will be helpful in offsetting the chronic unemployment in surplus labor areas, not only in my district, but in other parts of the State and country.

This bill makes provisions for loans for industrial projects; it provides for loans and grants for local public facilities; it provides for technical assistance; for urban renewal and planning aid and it provides for occupational retraining and subsistence payments.

In an area such as mine where we have had chronic unemployment for a number of years, we look to this bill as the means of helping some of our unemployed to find other jobs. We look to this bill in the hope that it will change some of our ghost towns into live communities once again. We look to this bill to relieve some of the human misery that results from continued and chronic unemployment. We realize, however, that passage of this bill will not bring immediate aid. It may be months and years before many of these areas will solve their unemployment problems. With the passage of this bill, however, my congressional district will have Federal assistance in a coordinated attack on our number one problem.

Mr. Chairman, I am not going to burden the Members of this body with a repetition of facts, which I have presented on this floor many times. I do want to stress the change in conditions which have occurred in my district since we last considered area development legislation.

I have three counties in my congressional district—Fayette, Greene, and

Washington. According to January ratings, the Uniontown-Connellsville area in Fayette County had an unemployment percentage of 27.9. This is not only the highest in the State of Pennsylvania, but it is among the highest in the country. This is an increase of 5.8 percent since November 1960. In Greene County, the rate of unemployment is 15.7 percent and in Washington County it is 17.4 percent. These figures do not begin to tell the whole story, however, because many of those unemployed are working only part-time, some only a day or two a week.

Our dominant industries in Fayette County were the coal and coke industries. During the past ten years the coal industry has steadily declined due to the depletion of coal deposits and because of technological improvements. The coke industry has been gradually supplanted through the more economical production of byproduct coke.

Our steel mills in Washington County are operating at about 50 percent capacity. Many of the people who have been unemployed have used up their unemployment compensation benefits and depend upon public assistance for sustenance.

Our local people did not sit idly by, however, and watch conditions grow worse. They formed industrial groups and have been engaged in development activities. They have had industrial promotion campaigns, fund raising campaigns and plant building programs. They have done a good job and together with the aid they have been able to obtain from the State Industrial Authority, they have been able to attract some new industry into the area. Funds from local sources are just about exhausted, however, and Federal cooperation and support, such as provided under this bill are needed to supplant the efforts of State and local communities.

Mr. Chairman, we do not want handouts. We do want the prospect of work, of new jobs and new industries, which in itself will bring about a more healthy community life and a fuller utilization and development of our human resources. I believe this bill goes direct to the problem and holds real promise of practical and effective assistance. It has my wholehearted support and I hope sincerely that the bill will pass.

Mr. PATMAN. Mr. Chairman, I yield myself 4 minutes.

The gentleman from North Carolina [Mr. JONAS] in talking on this bill referred to the local development corporations. The local development corporations are doing a fine job. The reason for this bill is that the local development corporations cannot do the job alone. They have done all they can on their own. Now they must turn to the Federal Government. That is particularly true as to Pennsylvania and the area described by the gentleman from Pennsylvania [Mr. SCRANTON]. He knows all about this and was very helpful to the committee in bringing out those facts.

It is true that the Small Business Administration makes loans to these local development corporations. They

are very careful about these loans, but they are making them nevertheless. Up to March 17 this year \$10,700,000 had been loaned by SBA to these local development corporations. In voting for this bill you will vote for a provision that permits the Small Business Administration to continue to make these loans. This provision expires June 30 of this year, and they will be unable to make the loans, after that date. But in this bill we have a provision to make this lending authority permanent.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Carolina.

Mr. JONAS. I would be willing to vote to extend that authority and provide additional funds, but we already have this Small Business Administration in this field. That is the reason I do not want to set up another agency.

Mr. PATMAN. You would not want to leave this to the Small Business Administration, because they cannot meet the need in the depressed areas. Their loans are rather narrowly restricted, and are made to assist small business concerns only. This is for the purpose of helping these communities that are in distress.

The gentleman referred to as testifying on page 230 of the hearings was a witness for the U.S. Chamber of Commerce. He made a suggestion which I think was a cruel suggestion coming from the U.S. Chamber of Commerce. He suggested the remedy for this was not giving the people in these areas any Federal aid, not even the small amount that is offered here, but to see that they had opportunities to move from their homes and go elsewhere and seek jobs elsewhere, and leave these distressed communities.

He recommended to our committee to get after the employment services and to get the employment service to go into every distressed community in this country and take an inventory of the available manpower in those communities. He said we should induce unemployed people in these areas to leave their community where they were born and reared. That was his remedy for helping these distressed areas. We did not agree with him. We believe this bill is the minimum. We believe it will do some good. We know it is not a cure-all. It will possibly make unnecessary a general public works bill. If we do not pass this bill, we probably will be called upon to pass one that will cost billions of dollars instead of millions of dollars. This is a good step in the right direction and I hope the committee will support the bill.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. ALGER].

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, obviously I am out of step with many, both those for the substitute bill and for the committee bill. I will say what must be said as I see it.

I do not think most of the people in this country are in sympathy with this Federal regulatory effort. I am looking now at the committee bill, starting on page 44. I am not an attorney so probably I am outside of a privileged circle that understands this language. This language starting on line 18 is in both bills, and if this is not unconstitutional, then I do not know what is unconstitutional. I find it difficult to analyze how some of my colleagues can comprehend what the language actually means. This language is gobbledygook, if I ever heard it. It prescribes complete Government planning and regimentation. I just wonder if you realize, gentlemen, what some of us hear in the taxation committee? Do you realize that the lumber industry, as an example, all of which is now classified in the category of depressed areas, is coming before us saying, Do not impose on us any more Federal taxation. Do not give us any more of that kind of help. Do not bankrupt us. Yet today what are we doing in this bill? We are running up the Federal ante and it has got to come out of the hides of our people in taxes. What do you think is going to happen? I know what is going to happen. We are going to be asked now as in the past for billions of dollars. There is no limit to money expended at the Federal level. Yet the Federal Government has no money, only what it will take in future taxes. Of course, when it comes to that it means we will raise everybody's taxes and there is no limit to where that will take us, nor how much we may deficit finance as an alternative. I understand right at this very minute, while some may be willing to exercise independent judgment, the Secretary of Commerce is in the Speaker's lobby talking to some of the Members to be sure they understand how they ought to vote. I suppose that is the case—I do not know—I know he is there.

In any event, I think such pressure is wrong.

Now, let us look at the bill. I am looking at page 46 of the bill. It says the Secretary will designate the redevelopment areas. Then it goes on to give him more and larger powers as though he were the absolute dictator of American industry, the wishes of the people of the United States, if you please, notwithstanding. However, the substitute bill strikes the redevelopment area definitions. Of course, that is all to the good.

Then, another provision of the bill makes it clear that State government must first designate the areas. Then we are back in the old permissive area. Gentlemen, you understand when we pass a law that is permissive to the States we force the States to comply or lose the return of their share of tax money they have already paid in. I say that is wrong. We are forcing them, indeed, bribing them with their own money to do as we at the Federal level prescribe.

If we would use anything like the effort to try to lighten the tax loan on industry that we use to saddle them with additional tax burdens we would see a wave of prosperity sweep over the Na-

tion the like of which has not been seen since New Deal legislators came down here to Washington to tell men how to run their business. What industry needs is tax relief, not increased Federal spending in the name of help, followed by higher taxes and/or deficit financing, and inflation.

When it comes to who gets these loans, the way it is set up must the recipient be of the right political party? Must he come to some Congressional committee and declare his political connections and plead, please give me some help, I need a loan? I do not think that is right; I do not think the American people think that is right. Again, making Federal loans to some and not to others is unconstitutional.

On page 50:

The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

What does that mean? I feel it is impossible to tell anybody just what that means. This gobbledygook to support later bureaucratic decisions.

Page 51, starting on the bottom of page 50:

No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

That means no one but poor risk cases. It says if they have suffered a turn-down and are poor risks they can get attention from their Uncle Sam. Only poor risks need apply.

Page 61: There is so much talk about what information the Secretary can obtain. Under this he can get all the information he wishes. I read:

SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas.

So here we have a ring-around-a-rosy of Federal and local officials conspiring to promote more Federal handouts. Obviously, this is not the intent of some but this language appeals to human beings to be human beings—that is, get all they can while the getting is good.

Then we find this—

The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, * * *

This will leave it in the hands of the Secretary to determine what areas and what firms shall receive this aid, placing industries in a supplicating position so much so that their business may succeed

or fail based on dependence on government aid and contracts.

Do we really understand what we are doing? We are going to catalogue all industry and could then help those who support the right political party. Some might even say this is a reelection bill, judging from the support such faulty legislation is receiving. For my part I will not support either the committee or substitute bill. One may be the lesser of two evils but the evil either will do our private enterprise economy is something in which I will not be a participant. I regret that politics is in this bill on both sides. The people of this Nation as citizens and as business participants—management and labor alike—deserve better than this abrogation of Constitutional protection.

This Nation will suffer to the degree that this bill is implemented in our economic system. Free enterprise and the right to own property, so greatly under attack worldwide, is here being dealt a staggering blow, one from which it could possibly not recover, unless—and this is my hope—as bad legislation it will not, in practice, become reality.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Chairman, I have listened with interest the last 2 days to those who spoke for this bill and to those who spoke against it. I have not been here as long as some of those who spoke either for or against it, but I have been here long enough to know that it depends entirely on which committee brings out a bill, and which part of the country gets the most out of the bill is where you get your support.

I want to tell you I am supporting this bill that came out of the committee, and I am supporting it right down the line. I introduced my first bill on this subject back in the 83d Congress and I have introduced similar legislation in every Congress since that time. My only regret is that there is not more in this for the people of this country.

Do you realize, Mr. Chairman, that since I have been a Member of this House, this Congress in its wisdom has given in foreign aid over \$70 billion to countries all over the world? And most of the people who are living in the areas that will be helped by this bill, were working when the foreign aid program started. They were willing to pay their taxes and have their taxes spent where Congress determined.

These same people when working helped pay for all the farm programs that have cost the Nation untold billions of dollars in stores of grain and other agricultural products.

These people when working helped pay for all the reclamation projects in the 17 Western States.

These people when working helped pay for all the mineral subsidy bills that Congress passed to keep a healthy mining industry in this country.

These people when working helped pay for all the flood control projects

throughout the length and breadth of our land, and all the other projects too numerous to mention.

Now through no fault of their own they are unemployed and live in areas of chronic unemployment. All this bill does is to say to American citizens who live in those areas, "Fellow Americans, you have helped all others when you could, now this is a little token from a grateful people for all you have done for others. It is a little encouragement to not give up hope—to carry on and help make our country a better place in which to live.

One of the current popular pastimes is to label everything you do not like as either socialistic or communistic. This is neither, but it is putting into practice what Abraham Lincoln—in my opinion the greatest of our Presidents—said was the duty of a government: "To do for its people what they could not do for themselves, or do so well for themselves."

I am very much interested to note that the minority views contain the name of the principal town in my home district. One of the reasons that they tell you not to vote for this bill is that my home town community Johnstown Pa., being a depressed area and having been one ever since we set up the criteria in 1952, had enough community spirit to try to help themselves. But they are still good American citizens. They are people who love this country. They are not Communist. They are not socialist. They are red-blooded Americans who want to do some work and still are trying with all their heart to make their community a better place to live, a better place to raise their families, a better country for themselves and for all Americans and as a result they hope a better world for all. The people who lend money in this country still like to find that kind of spirit, and my community has that kind of spirit. When Johnstown wanted to borrow \$5 million to complete a sewer system and sewage disposal plant to take care of and clean up the sewage out of the rivers and streams of that area, following the program that this Congress set up for all sections of the country, they presented such a picture of community spirit to the bond buyers in New York that they got themselves a better rate than they would have had if they had borrowed the money under this bill. The minority report concludes therefore because the city of Johnstown borrowed money at a pretty good rate of interest, nobody should give any money to a local community because if they borrow this money from Uncle Sam they will have to pay a higher rate of interest. That is poor logic as far as I am concerned. This is a very small amount of money. This is merely the American Congress saying to the people who find themselves in these areas, "Look, we know you are trying to help yourselves, we know you are trying to get ahead; here is just a little pat on the back and a little help from some of those districts that are still enjoying this untold prosperity we are having in this country."

To you who benefit from the price support programs of the country, I ask you to support this distressed area bill.

To you who come from the reclamation areas and who have benefited so much from them, I ask you to support this distressed area bill.

You who have prosperity in your districts, I ask you to support this bill.

Not because of what you have enjoyed from your Government, but because as a Christian nation we have always believed in the Golden Rule. Here is a chance for each one of you to put it into action. Now let us take care of the people who live in the industrial areas in this country that are depressed. Vote for this bill, vote against any substitutes and against any amendments.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. STRATTON].

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Chairman, I take this time for two reasons, first to establish a little bit of legislative history with respect to one aspect of this bill and, secondly, to advise the membership of the House as to an amendment which I intend to offer when we reach the 5-minute rule.

Mr. Chairman, I am very much in favor of the bill S. 1; in fact, I have been, since becoming a Member of this body, a cosponsor of this legislation. I cosponsored it again this year. In fact, this year I introduced the same legislation which passed the Congress last year but which was vetoed by the White House.

Mr. Chairman, I am interested in the bill because of what it will do for the country. I am interested in it for what it will do to my home district. I have two areas in my district, Gloversville, a great glove manufacturing city, and Amsterdam, a carpet center, which qualify under the provisions of this bill as distressed areas, even under the somewhat more restricted provisions of the bill S. 1, as contrasted with the bill we adopted last year.

I am disturbed, however, because of the fact that perhaps the most important economic area in my district, the great industrial city of Schenectady, will not be helped by the bill. That city has lost 20,000 factory jobs in the course of the past 6 or 7 years, the greatest loss of any single city or community in the country. But under the present formula the great city of Schenectady cannot qualify as a redevelopment area for the reason that in determining the rate of unemployment in Schenectady, our city is considered as part of a larger metropolitan area which includes the city of Albany and the city of Troy. The city of Troy has been hit by unemployment, but Albany is the capital of the State, and it seems that no matter what the economic picture is the employees of the State government in Albany continue at the same high level.

Therefore, if unemployment is to be determined only on the basis of this overall metropolitan area, then the more

critical situation in Schenectady would be counterbalanced by the more favorable situation in Albany, and the overall area would not qualify for help. I am sure that this is something which applies to other areas as well. Therefore, I would like to ask the distinguished chairman of the subcommittee, the gentleman from Texas [Mr. PATMAN], if it is not his understanding that under the provisions of the bill the Secretary shall, in fact, have the right to determine areas for consideration as redevelopment areas without regard to present boundary lines now in effect in the Department of Labor for reporting unemployment. Is that not the understanding of the chairman of the subcommittee? Let me say that it was the understanding of the other body and was so included in the report of the committee of the other body, but there is no reference to it in the report of the committee of the House.

Mr. PATMAN. I think a more correct statement would be that they would have the power to change the lines after they are once made. I think it is contemplated that they will follow the existing labor market area boundaries in the beginning. But, of course, this bill will have to be reconciled with the Senate bill, and whatever is in the public interest I feel the conferees will agree to it.

Mr. STRATTON. On this point, if I may say to the distinguished chairman, there is no difference in wording on this point between the House bill and the bill passed by the other body, but the report of the other body definitely says that these boundaries would not have to be identical with the standard labor market areas as presently defined by the Department of Labor. And, I am wondering if the chairman would agree with the interpretation which was made by the other body?

Mr. PATMAN. I would prefer not to express an opinion at this time on the particular situation to which the gentleman refers. If the gentleman had called it to my attention ahead of time, I would have been very glad to have been in a position to answer it more definitely, but I cannot, because I do not understand the situation sufficiently.

Mr. STRATTON. Perhaps this matter can be clarified before the debate is ended. It is my understanding that the Secretary does have this authority in the House version of the bill, and it seems to me that it is most important that a major city or a county like Schenectady, or other cities throughout this country, should not be penalized because there is some sort of device in effect in the Department of Labor at the present time which requires them to include other areas which are not seriously affected by unemployment when determining which areas should be called unemployment areas.

Mr. PATMAN. Personally I would not like to say, for another reason. There is more involved in this than appears on the surface, and I would like to give it more consideration.

Mr. STRATTON. I thank the chairman. The other point that I wanted to make, Mr. Chairman, was to advise Members of the House, as I have advised them by letter this morning, that I intend to offer under the 5-minute rule an amendment similar to the one offered in the other body by the distinguished Senator from Louisiana [Mr. LONG], which simply puts on the Secretary of Commerce the responsibility of examining the economic and employment impact of the closing down of military bases. In the State of New York, for instance, the Air Force has been talking about closing down a major function of the Rome Air Force Base, the air material area called Roama, with a loss of 6,200 jobs. Now, I am in favor of this bill. If the bill goes into effect and Rome should get a new industry that would bring in 200 or 300 or 400 jobs, that will be very fine. But if at the same time the Federal Government, which is trying to eliminate unemployment, closes down an operation which will take 6,200 jobs out of Rome, something seems to me to be very, very wrong. We have to coordinate the operations of our Government. We have to insist that if we are trying to combat unemployment, every agency of Government should understand the impact of unemployment before that action is taken. This is what the effect of my amendment will be. It is discussed in detail in the CONGRESSIONAL RECORD on page 3794 for March 15.

I hope that in view of the President's announcement yesterday that 73 defense bases here and abroad are going to be closed down—and the announcement I understand is going to be made in the very near future—that Members of the House on both sides of the aisle whose districts might be affected by this will listen to my amendment, and I hope that they will support my amendment.

Mr. KILBURN. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Chairman, on April 10, 1959, speaking on this same subject, I called the attention of the House to something that occurred in my own district, namely in Danville, Ill. At that time I had reprints of the talk made in pamphlet form which I sent to each Member of the House and Senate, and spread it about the country as much as possible, to tell the country what people can do who rely upon their own ingenuity and who through their own determination can and in this case did do. The following is what happened, and I should like to repeat for the House, some of the words used at that time:

Mr. Speaker, the Congress and the country should know the inspiring story of the city of Danville, Vermillion County, Ill., which I am privileged to represent. It is a story of how a resourceful people who, in spite of all economic adversities, built and maintained a thriving community. I speak of this with pride beyond measure.

In truth, the story of the city of Danville, Ill., is the story of America and what has made our country great and strong. It is a factual account of what individual com-

munity initiative and ingenuity, self-reliance, and determination can accomplish.

In the course of its history, Danville at one time was a depressed area. If suffered, as all communities do from time to time, to national economic changes, resulting from the development of new products, new manufacturing techniques, labor cost differentials, transportation facilities and costs, and a number of such economic factors.

There were occasions in the history of Danville that doubtless many thought at the time it would become a ghost town. But it did not. Its people decided to make it a thriving city with a prospect for continuing growth. They pooled their ideas. They pooled their resources. They devised plans and put those plans into effect.

Mr. Speaker, it is well that the Congress and the country know the history of the city of Danville, particularly at this time when so many communities are looking to the Federal Government to aid them in their present difficulties. The history of the city of Danville says in words much better than I can employ the true meaning of local responsibility, self-reliance, initiative, and ingenuity. It emphasizes what can be accomplished by following the true American traditions. They did not look to the Federal Government to solve their problems. They did it themselves.

I am inserting in the RECORD, as a part of my remarks, a memorandum, based on fact and not fiction, based on truth and not theory, of what one city itself accomplished on its own, without relying upon Federal aid and dictation.

This memorandum presents the story of a city that must be told over and over again—and there are doubtless other such communities who have and continue to do likewise but, unfortunately, they are becoming fewer and fewer. As we consider proposed legislation to establish a Federal agency to aid depressed areas bear in mind what Danville did for itself. If you take the proposed course of extensive Federal aid, you say to communities like Danville: Why exercise your own ingenuity, why risk your financial resources, why spend your time and effort—the Federal Government will do it for you? When that day comes, when the Federal Government attempts to do everything for us, then our American system of Government is no more.

The following story of Danville was prepared by the local chamber of commerce, a truly progressive and aggressive organization:

"THE STORY OF DANVILLE, ILL.

"Cities do not grow and prosper by chance. They are the result of the vision, the sacrifices, and efforts, of its citizens."

"Many cities have progressed through an economic crisis, and have been left prostrate for all time.

"Danville has experienced such a crisis, but fortunately for us survived.

"Too few of our citizens realize that had our city been left to take its natural course, their homes, their fortunes, and all they treasure in Danville could have been wiped out of existence.

"This is not a story of the Babylonian ages, nor of Colonial times, but one as modern as the last 20-odd years.

"Mr. Walter Bluecher, executive director of the American Society of Planning Officials, in reviewing our transition, said, 'This in Danville is not economic growth, this is industrial revolution.'

"This dramatic period in Danville's life is the story of our community's passage from one that grew and prospered by the exploitation of a nonreplaceable natural resource—coal.

"It is the story of how coal came to dominate our economy, and then how, in just 20 years, it declined to such an extent as to become a minor factor in our community.

"If our citizens would pause now, and look about them, and try to visualize our present coal mining operations, as our major employer of labor they would then have some idea of our possible economic paralysis and how our city, today, could be suffering economic chaos.

"This history of what is known in coal parlance as the Danville district covers an area embracing our own Vermilion County alone.

"It is the story of our major nonreplaceable natural resource, coal, dominating our community for a number of years, and then, its decline into a minor economic factor.

"Those hardy backwoodsmen of America's pioneer era, who made the hazardous trek to and from the banks of the Vermilion River, for their small, but precious supply of salt, did not realize that the troublesome earth fires that resulted from the wood fires, kindled beneath the iron kettles of boiling salt water, would some day become the force that would foster the growth of a busy metropolis on the river's banks.

"The rise of coal mining, as our major industrial employer, began in the 1850's. Then it was that coal was first mined locally, for local home use.

"The entry of the railroads into the community gave added impetus to the then simple mining activity.

"In 1866 several slope mines were opened in the Grape Creek area, followed in 1870 with the sinking of the first shaft mine in Illinois in what is now known as the Vermilion Heights area.

"This new force in our community life grew rapidly.

"It became not only the prime factor for our own growth and prosperity, but a factor also for the State of Illinois; in 1897 and again 1899, Vermilion County was the leading coal-producing county in Illinois.

"At the turn of the century, with a county population of just over 65,000 persons, there were approximately 3,000 persons engaged in the mining industry, or 1 in every 21 persons.

"In succeeding years, even with the introduction of new mining techniques and mechanization, our dependence upon mining for employment increased, and the impact of the increase, and the decrease, of mining employment, is reflected in our population figures.

"From 65,000 in 1900, our county population increased to 78,000 in 1910 and to 86,000 in 1920 but only increased about 900 persons from 1920 to 1950.

"Danville, itself, grew from 16,354 in 1900 to 27,871 in 1910, and to 33,766 in 1920; and to 36,765 in 1930, but it increased by only 154 from 1930 to 1940, and only by 945 from 1940 to 1950, or only 55 persons per year increase for 20 years.

"The causes of our small increases in population growth from 1930 to 1940 and again from 1940 to 1950 which so concerned and disappointed our citizens, is to be found in the period we are to review. People do not long remain in a community of rapidly decreasing employment.

"In the 1920's the peak of mine employment was reached.

"In 1926, out of a county population of 86,000 persons, 4,297 were employed in mining. Approximately one family in every six was dependent upon coal for existence.

"Commencing in 1927, certain economic factors entered into the economy of producing coal in the Danville district that initiated the decline in mining.

"The number of shipping mines decreased from a high of nine mines in the 1920's to

one mine in 1951, and a peak of employment of 4,297 eventually dwindled in 1951 to a mere 451 miners.

	Miners employed	Shipping mines in operation
1926.....	4,297	9
1929.....	3,286	8
1934.....	3,097	6
1939.....	2,558	6
1944.....	1,735	5
1951.....	451	1

"In addition to the reduction in the number of mines and miners, the average days that the mines operated each year further decreased mine payrolls.

	Days
1920-25.....	183
1925-30.....	170
1930-35.....	136
1935-40.....	150
1945.....	115

"With the final closing of the Bunsenville mine in 1947, our county ceased to be a major producer of coal.

"In 1918, almost 4 million tons were mined in the country—largely hand mined.

"In 1947, we mined less than 500,000 tons even with the most advanced mechanization.

"Is it any wonder our community's population remained static?

"Had matters been left to take their course, Danville would today be just another ghost of its former self, as are a number of other cities in southern Illinois.

"Here was a community of some 40,000 people, its basic industry all but disappearing in 20 short years.

"The black gold that was the foundation of Danville's growth and prosperity declined into a minor role.

"Danville, known far and wide as 'the heart of a large coal mining area' lost the major product that was the source of its national fame, and the fortunes of its people.

"As if this, the loss of our major community support, were not enough, an additional blow was to simultaneously be struck at our economic foundation.

"Due to the abundance of coal, and the additional asset of local shale adaptable to brick manufacturing, it was only natural that brickmaking should become the second major factor in our community.

"The coming of the automobile brought the new use of bricks for pavements, and along with the demand for bricks in the building of the rapid growth of Chicago, Danville became one of the largest brick producing centers of the country.

"Five brickyards were in production in 1926 and 1,007 persons were employed; but even this substantial source of employment was to face its crisis.

"Concrete became the standard material for highway construction, and steel, concrete blocks, and reinforced concrete, supplanted many uses of brick.

"In addition, the introduction of mechanical processes in brick production further lessened the needed manpower.

"From a high employment of 1,007 persons in this field, brick production in two remaining plants in 1951 employed 220 persons; thus another set of uncontrollable economic factors wiped out another 800 opportunities for employment.

"What tragic consequences could have resulted:

	1926	1951
Mine employment.....	4,297	451
Brick employment.....	1,007	220
Total employment in these two major fields.....	5,304	671

"For our purposes, manufacturing industries are establishments that produce a product for distribution beyond our wholesale or retail area; and Danville in 1926 had 18 such industries, employing 1,938 persons.

"Yes, Danville today could have been only a ghost of its former self, but fortunately for us, it is not.

"Though its major source of employment disappeared, it had one asset that was to sustain it. Had this been lacking, as it had in so many other cities, we would not today live in a city more flourishing than its former self.

"Danville had a primary asset; and that was community leaders and a citizenry that would not admit economic defeat, who would not, as had citizens in so many other cities, give up in despair.

"It was in 1928 that the first of a series of meetings was held to discuss the growing problem. Visits were made to study other cities. Consultations were held with experts in the field of industrial development. No government was asked for aid or succor. This was our own task to solve.

"At the height of our crisis, Danville's leaders were pioneering in a new method of community development.

"After much discussion and days, yes, weeks and months, of effort devoted by loyal citizens to solving our critical situation, the solution was presented.

"At a meeting of the board of directors of the Danville Chamber of Commerce, held in October of 1929, a plan directed toward saving our community from economic chaos was adopted.

"At that chamber of commerce board meeting, the formation of the Danville plan, a new and unique method of securing new industries, was drafted.

"The action of that chamber board of directors meeting was to proceed with formation of the Danville Industrial Foundation, succeeded later by New Industries, Inc., and they set up the machinery to raise the necessary funds.

"Taking a lesson from our past history, the decision was made to secure a diversification of manufacturing establishments in order that a more healthy base for our community's future would be provided.

"In addition, it has as its premise that success, and particularly rapid success, could best be accomplished by a concentrated effort to induce small industrial establishments to locate in Danville, and our people would provide the funds to construct the buildings.

"Danville's citizens responded most heartily. Over \$70,000 was subscribed to launch the new enterprise.

"The soundness of this action is given adequate testimony, not only with the revolutionary success we have had in rebuilding our tottering economy, but in the numerous visits by committees from other cities to our chamber of commerce office for advice, and in the hundreds of requests received from other communities for details of our plan, also the scores of articles written about our success that have appeared in magazines, newspapers, and national periodicals.

"What a remarkable story of transition has taken place before our very eyes.

"Our steady, consistent progress has been so constant that many of our citizens are unaware of what has transpired about them.

"From a community, largely sustained by the employment of over 5,000 persons in two basic industries that had been reduced to the employment of only 671 persons in 1951, we have risen into a modern industrial city with 48 manufacturing establishments employing close to 8,000 persons.

"And diversification we have. Jelly candy and dragline buckets, bobby pins and lift trucks, photographs, and automobile cast-

ings, dresses, jackets and fertilizers, electrical supplies, and buttermilk products, hoists and dog foods, a host of products flow to the four corners of the world.

"In 1929, at the start of our plan, Danville had 14 plants employing 1,444 persons.

"In the next 2 years, five new plants were added.

"By 1935, we had 23 plants employing 2,384 persons.

"As the years rolled on, its leaders and its citizens were to keep doggedly at their task of reconstruction, and the results exceeded their fondest expectations.

"Manufacturing industries and employment in Danville"

"By 1940, 26 plants, 2,890 employees; 1945, 26 plants, 3,284 employees; 1950, 46 plants, 6,745 employees; 1951, 46 plants, 7,825 employees; 1953 (employment should find us close to the 9,000 employment figure in 48 plants).

"The source of the employment of the more than 12,000 employees of our stores, shops, and offices, and the livelihood and prosperity of the doctor, the lawyer, the wholesaler, and the retailer, in a larger measure than ever before stems from the payrolls of these plants.

"The basis of all human existence stems from farm income and manufacturing payrolls, and our growth in manufacturing payrolls is most startling."

"Payrolls, manufacturing industries"

1940.....	\$3,222,000
1945.....	5,837,000
1950.....	20,730,000
1951.....	25,788,000

"But it is difficult to perceive the tremendous strides we have made in industrial payrolls, due to our present inflated dollars.

"We have always taken pride in the richness of our surrounding agricultural area, and it is in comparing the increase in our total county farm income, with our industrial payrolls, that a more vivid picture is to be seen.

	Total farm income of Vermilion County	Manufacturing industry payrolls of Danville
1940.....	\$7,849,000	\$3,222,000
1945.....	17,983,000	5,837,000
1950.....	25,340,000	25,788,000

"An amazing picture. Our industrial payrolls have grown from less than 40 percent of our total county farm income until they now exceed that income.

"Success. Victory.

"Yes; a city has been saved.

"But what a debt of gratitude is due the men and women responsible for this unprecedented drama.

"And they gave not only of their time, but of their personal resources as well; for to them these funds of their fellow citizens became a public trust.

"The moneys of the foundation stockholders were to be expended solely for the purpose to which they were dedicated, the construction of the buildings that would bring about our new economic era, and that alone.

"And other costs must and did come from their personal resources.

"Fools, some men might call them. But the results?

"Not one penny invested in buildings has been lost.

"Not one stockholder's investment has been squandered.

"By watchful guardianship of the trust, a dividend of 22 percent profit was paid to the original stockholders.

"A triumph most unusual in any joint community enterprise.

"What a glowing monument is ours to see and from which we prosper today. As a testimonial of the time, the effort, and the personal sacrifices of those men and women, we do not have the dust and rubble of a ghost city, but a virile, prosperous city, and this prosperity is our inheritance.

"Let us then pay tribute to them, in the present, and in the years to come.

"Let us not be laggard in our present, and in our future years, with our inherited prosperity, our fortunes, and our livelihoods.

"Let us, like them, by our continued community efforts and sacrifices, strive to make Danville a better city in which to work, a better city in which to play, and a better city in which to live.

"For then, we can take continued pride in our community, and contribute our share in assisting Danville on its march forward."

Yes, oftentimes the impossible is hard to do. But in this case it was done. This is a true story full of meaning and purpose. If more communities would make efforts similar to those expended by the good people of Danville there would be no need for this legislation. I certainly am opposed to this committee bill.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Montana [Mr. OLSEN].

Mr. OLSEN. Mr. Chairman, as you all know, I am a newcomer to this body and do not have any of the advantages of being an authority here in this Congress, but I think that has some advantages for I have been walking with the people on the streets of my community in Montana daily over the past years and I have heard their sentiments, and I must say I share them with them.

I rise in support of the bill S. 1. I think that it could be a great deal more adequate if the figures in S. 1 compared more favorably with the figures that are in our foreign aid program. I speak the sentiments of my people in Montana when I say that they, while not being critical of foreign aid, wonder that good Americans cannot have assistance, too, assistance that would be repaid into the economy of the country, that would be repaid into the Treasury of the Government, not handouts, not a dole.

Everyone walking the streets, just ordinary, common people, can see that we pay for this depression. We pay for it whether through this bill, S. 1, or through public welfare, or the loss of public facilities by their wearing out, depreciating, or becoming obsolete. We pay for it whether it be in loss of human beings by idleness, by their depressing experience, or by their loss of will by the very lack of encouragement.

How much better, then, that we loan the money to our communities, that we assist them in reinvesting in their public facilities, that we assist them with seed capital at low interest for new job making industry and thus assist them in again enjoying the production of this free enterprise system and preserving it and making it of greater productivity and greater strength.

It is not very long ago, just last August, that I heard on the streets great complaint that the depressed areas bill of that time did not become law. At that time citizens noted a total of \$300 million foreign aid had been spent on a country, Laos, which is smaller than the

State of Montana, and at the same time in Montana we had some of the same kinds of troubles with depression that were encountered in the other parts of the world—depression in the way of no jobs—yet no domestic aid for Montana. Today there is the instance of a small Montana city of 30,000 people, last summer and the summer before, that right today has 4,000 people on public welfare or public assistance of some kind.

The need is most apparent to those of us who come from districts which experience cancerous pockets of continued, chronic unemployment and underemployment.

Montana's total civilian labor force on February 15, 1961, was estimated at 258,600. Of this number, 14.4 percent were unemployed. The present state of the economy, held over from the effects of the 1957-58 downturn, is disturbing. Several thousand jobs have been eliminated, especially in mining and lumbering. Unemployment has continued to increase and Montana's job base has not grown sufficiently to absorb these experienced workers or the newcomers to the labor force.

My hometown of Butte, Mont., the center of the mining industry in my State, has been a distressed area by the definitions of S. 1 for a long, long time—more than 19 percent since middle 1957. Also in my district, and not too far distant from Butte, is the city of Kalispell, the center of the lumbering industry in my State, and it, too, has been a distressed area under the definitions of this bill for a long time—over 10 percent for more than 3 years.

I support S. 1—however, I do not think that there is sufficient aid in the bill to bring about all the desired results. Nevertheless, the program named in the bill is a step in the right direction, and the amounts of aid, the degree of aid, the number of dollars of aid in the way of loans and grants, can be improved upon after passage of S. 1.

Again, on the subject of need, my hometown of Butte has suffered depression since the copper price decline in late 1956 and early 1957. Employment of craftsmen—skilled hardrock miners of various qualifications, carpenters, blacksmith, boilermakers, and other similar tradesmen, have been suffering from unemployment and underemployment since early 1957. These are honest, honorable, hard-working people in their late forties and fifties. Their distress has gone from depression to despondency because of the lack of opportunity. These are old friends and neighbors and schoolmates of mine—I testify to the fact I have seen.

In the Kalispell area, unemployment in the lumber industry is a result of the cumulative effects of the 1957-58 economic downturn, and a general slowdown in homebuilding during the past 2 years. Here, too, honest, hard-working craftsmen are unemployed because employment opportunities have vanished.

As further support of S. 1, I have introduced a similar bill. It is urgent that we act now to stop these pockets of un-

employment and underemployment before this condition worsens and spreads.

Montana, like the other States which contain these pockets of unemployment and underemployment has witnessed the danger of contagion and of infecting other areas with spread of unemployment.

Because of Montana's vast storehouse of mineral resources, we have a history of a great mining State. However, for one reason or another, foreign competition, low prices, or lack of markets, zinc, lead, gold, silver, manganese, chrome, and other mineral industries have had to close or drastically curtail their operations throughout the State.

Philipsburg, another mining town, is a depressed area like the bigger city of Butte because of depressed prices for manganese, lead, and zinc. Jobs have vanished. The coal mining of Red Lodge and Roundup industry has been especially hard hit by the advent of natural gas for domestic and industrial use and by the transition of the railroads to the diesel engine.

Deep-shaft mining in the copper industry has been replaced by the open pit and a mechanized means requiring very few miners and artisans. The power shovel and the enormous trucks and large conveyor belts have displaced men. Butte and other mining camps—Philipsburg, Red Lodge, and Roundup—could be helped very materially by the Area Redevelopment Act.

Anaconda, a metals smelting city, has experienced unemployment of more than 6 percent—metal prices and automation have eliminated jobs and put men on the street.

The lumber industry in Montana is faced with the same distressing problem as other areas—low prices, low demands, and seasonal operation because of severe winter and spring weather conditions. Here, as in the mining industry, communities suffer from their dependency on a single industry.

All of these single industry communities can have the very needed help of this bill; first, to plan a new economic life of diversified industry, and second, by assisting in the finance of new industry by the extension of low-interest credit.

Further, and probably foremost, we must have in mind that we are dealing with people—not just industry or not just an area. Thus occupational retraining is perhaps the most important because it will give these people new hope to be productive. Thereupon, we can make their dreams a reality by economic planning and by financing new industry to put the new training to work.

Montana has an additional problem in that it contains seven Indian reservations and each one has faced for many years the problems of underemployment of varying degrees. The reservation land areas, set aside for the tribes by Federal statute, are entirely inadequate to provide a livelihood for even a small portion of the Indian inhabitants. The land and resources are generally unproductive and the Indian families with strong tribal ties have had to depend on

welfare and direct Federal assistance. We are convinced by the actual success of new industries which have moved on to Indian reservations in other States, that these people can prove their lot if they are given an opportunity. Here again, this bill will avail them of the technical assistance for planning, planned assistance in the actual financing of new job opportunity industries.

Montana is one of the States that is experiencing the decline of employment on the farm and the rush of these people to urban areas. We are in grave danger of a spread of these chronic unemployment and underemployment areas if there is delay in assistance to the already troubled spots.

Mr. KILBURN. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. MATHIAS].

Mr. MATHIAS. Mr. Chairman, western Maryland is part of the Appalachian region of this country, that has suffered the experience of economic difficulties. In my district there are two cities, Hagerstown and Cumberland, that are listed as areas of substantial and persistent unemployment. Throughout this region we need the cooperation of every level of government and the participation of every segment of the community. I am hopeful that the administration of legislation that will be enacted today will provide leadership of the highest character, which will stimulate free enterprise throughout my district and all of the Appalachian region.

On the assumption that area redevelopment assistance will be so administered in areas demonstrated to need such assistance, and will be employed to reinforce, and not to subvert, this free enterprise system, I have decided to support the bill approved by the House Committee on Banking and Currency.

Without reviewing the whole bill, I note two significant provisions which are absent from alternative proposals. These are public facility grants and rural development funds.

As a former city attorney and State legislator, I have had personal experience in working to attract new industry to my home community. One of the major difficulties usually encountered in securing a new industrial plant is the inadequacy or absence of public facilities. It is at times possible to provide the bare necessities by makeshift arrangements, but these are not satisfactory to prospective industrial settlers nor to local authorities. I feel, therefore, that the inclusion of public facilities grants is a valuable feature of this bill, which receives my support.

The committee bill also comprehends rural redevelopment areas. The 6th Congressional District of Maryland not only includes Cumberland and Hagerstown, which are designated as areas of substantial and persistent unemployment, but also areas which should qualify for rural development assistance. For example, farm families with net money income from all sources of under \$1,000 or gross farm products sales under \$5,000 are clearly low-income families.

In my opinion it would be heartless to provide assistance to urban communities without considering the plight of these rural people. Not only are they equally deserving, but in many cases need more help in confronting unique problems imposed upon them by economic conditions over which they have no control.

Finally, I believe that these areas of western Maryland are typical of many others throughout the Nation. While I agree with critics of this bill that it may not accomplish all the miracles that are promised by its advocates—yet I must ask myself, my colleagues in the Congress and the Nation: Can we deny to areas of economic distress and actual human suffering and hardship this opportunity to help themselves?

An opportunity is all that is provided by this bill. It is up to the people of America to use the tools that we can provide through this bill. If they will once again prove that the sources of our prosperity are the cities, towns and farms where they work, this bill will be a success; if they do not, it will prove to be a delusion.

(Mr. MATHIAS asked and was given permission to revise and extend his remarks.)

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PIRNIE].

(Mr. PIRNIE asked and was given permission to revise and extend his remarks.)

Mr. PIRNIE. Mr. Chairman, the objective of the pending legislation is to emphasize the concern of the Nation for the plight of economically distressed areas. No one of us believes that we can legislate prosperity for these areas nor can we within the limit of any one proposal solve the basic problems involved. It is right for Congress to show its concern over these situations and to encourage these communities to take steps to restore their economy. Yet of far greater value is a determination on the part of Congress to attack when possible the causes of this distress. Some areas are victims of changing conditions either in demand for certain raw materials or through technological advances. Others have felt the impact of foreign imports. Industries, once thriving, have withered or moved. We have real problems to resolve in the adjustment of foreign trade if we are to preserve our economic strength and the American standard of living. The responsibility of our State Department to take corrective action is immediate and compelling.

The pressures of the cold war have imposed upon our Nation the great responsibility and heavy expense of providing for the security of the free world. To meet this challenge we have had to develop a whole arsenal of new weapons while at the same time maintaining adequate strength in conventional arms. This has required shifts in emphasis as new scientific developments have modified our concepts of defense. The backbone of this effort is found in our military installations scattered throughout our Nation. As they came into being, com-

munities responded magnificently in providing public facilities, roads and schools amounting to many millions of dollars at the cost of the local taxpayers. Patterns of economy were fashioned to service these installations. Now many of these areas are faced with a liquidation of installations aggravating or precipitating disastrous levels of unemployment. It is recognized that the defense of our country should not be run as an employment bureau, but on the other hand a sound economy is the best foundation upon which our real defense can rest. If changing military needs make certain tasks unnecessary, appropriate adjustments should be expected. Yet it should be remembered by the military at all times that communities and faithful employees are more than pawns to be sacrificed at will. Every military decision should be carefully analyzed as to economic impact—every effort should be made to avoid unnecessary hardship. The President took note of this truth in his defense budget message of yesterday. Congress should respond with constructive action to indicate its awareness of the danger and its resolve that appropriate agencies of the Government comply. True we are a vast nation but we must at all times have the right hand know what the left hand is doing.

I would like to join with my colleague, the gentleman from New York [Mr. STRATTON] in his determination that sound economic principles guide our defense decisions. It is true, I come from an area which during the coming months will be faced with a decision of this type. My people recognize the obligation of the Nation to defend itself as efficiently and as economically as it is possible to do. We do not think we should receive special favors, but we feel we are entitled to full consideration. We believe that since for the past 10 years Roama at Griffiss Air Force Base, N.Y., has been engaged in a very valuable mission for the Air Force in an activity, which is not to be phased out, as being no longer necessary to our defense, but instead is growing and expanding, it should continue the job. Any dislocation of this trained corps of workers, which now approximates about 6,400, would have a terrific impact upon our area. It would destroy a going concern valuable to the Air Force. Our community has supported the Air Force mission in providing public facilities, roads, and schools. There is adequate housing. Continuation of this partnership with the military would seem to be in the national interest. Our country is seeking to eliminate distressed areas, not to create them.

Mr. KILBURN. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. HARVEY].

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, I set forth my views in full yesterday, but I just wanted to call attention at this time to a particular effect of this bill which nobody has talked very much about.

Section 7 provides for loans for public facilities to be constructed by municipalities. The administration bill provides for a subsidized rate of interest, 3½ percent, to go to these municipalities. I want to call to your attention that just last week our Federal Government in converting obligations from 3 to 5 years paid 3.98 percent interest and up to 4.09 percent interest. I think lending at a subsidized rate of interest is preposterous. It does not make sense to me to lend money to the others at less than it costs us to borrow it. I do not see how I can justify to the people of my State of Michigan our Federal Government lending money at a lesser rate than it has to pay when it borrows.

Mr. PATMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. ICHORD].

Mr. ICHORD of Missouri. Mr. Chairman, it is a happy occasion for me to have the opportunity to arise in support of Senate bill 1, the Area Redevelopment Act, with the committee amendment thereto.

In my district, the Flat River area, which is composed of five counties, has been classified by the Department of Labor as an area of substantial and persistent labor surplus since 1958 and would thus be automatically designated as an area entitled to assistance under section 5(a) of the bill. I also anticipate that several other counties in my district will be designated as rural development counties under section 5(B).

The Flat River area or "leadbelt area" is one of the major lead producing regions in the world. As a matter of fact, it produces approximately one-third of the lead mined in the United States. But, today with 60 percent of the United States lead market being supplied by imports of lead and with lead selling at the depressed price of eleven cents per pound, the Flat River area has seen employment in the lead mines decrease 50 percent since 1952.

It is little comfort to the miners that the U.S. Tariff Commission has twice found unanimously that the lead industry was being seriously injured by lead imports as the previous administration both times failed to effectively implement those recommendations under the escape clause of the Reciprocal Trade Act. Since our government has seen fit to undertake to finance economic development of underdeveloped areas in foreign countries, which undertakings in many cases have contributed to conditions in these so-called depressed areas, it seems that we are asking little when we request a similar program for our own people.

The people in the Flat River area want to build a new and stronger economy. They want the means of helping themselves which this Act provides. They do not want charity or relief, and the Area Redevelopment Act does not provide charity or relief. With the exception of the public facilities grants and technical and retraining provisions, it is a loan program. Loans that will be repaid and with interest.

As a constituent of mine from Flat River area said in a letter to me just the other day, "I don't want relief. I just want the opportunity to work." This bill will substantially assist the so-called depressed areas to make available for that man and thousands of others like him the opportunity to earn a living.

This is the third time the House has worked on similar legislation. The third time in this case should be charming as the legislation does have the support of the President. I strongly urge the passage of Senate bill 1.

Mr. PATMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. MONAGAN].

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Chairman, I take this time merely to state my position and, I hope, to help somewhat in the matter of the legislative history of this bill.

I am very much gratified, coming from Connecticut, with the statements of the gentleman from Texas [Mr. PATMAN], the gentleman from Wisconsin [Mr. REUSS], and the gentleman from Ohio [Mr. VANK], concerning the antipirating provisions of this legislation.

I appeared before the committee during the consideration of this bill and expressed my feeling that the people of my section would be in favor of any legislation that would help depressed areas providing it did not mean that these areas were being helped at the expense of our developed sections of the country which have existing industries, which have been established there for a long period of time.

I am in the unusual position of having in my district one area which would qualify for assistance under this bill, but my area is also one which has suffered much from domestic and foreign competition which has lured away much of our business and has reduced our industrial base.

Therefore I am pleased at the statements that have been made and at the changes that have been made in section 2 and section 6(a) of the bill in pursuance of the suggestions that were offered by me and by other Members, and also the explicit provisions in the report of the committee which, it seems to me, tie down very clearly the point that Congress is against the transfer of industry from one section to another, a procedure which would be pointless and foolish and not in the national interest.

There is one other point I am happy about. We have a grave problem in our section and in many other sections of the country in connection with the competition with our industries of the increasing volume of low-cost imports which is coming into the country. I am pleased that the committee has seen fit to take the provisions concerning the Tariff Act of 1930 and the Trade Agreements Extension Act of 1951 out of this bill. The problem of trade and tariffs is too important a problem to be met by an indirect solution such as the one

which was contained in H.R. 4569. We are going to have to come to a decision on this problem in the near future, but because of its gravity, it deserves to be made directly on its merits and not indirectly in a bill directed primarily at other objectives.

Mr. Chairman, I shall support S. 1 as amended.

Now I do not regard this legislation as final. We must, of course, keep our attention on it in the future to see how it works, to see that it carries out the objectives outlined therein, and to make sure that it does not injure various other sections of the country. With this in mind, I am supporting the pending legislation.

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New Mexico [Mr. MONTROYA].

(Mr. MONTROYA asked and was given permission to revise and extend his remarks.)

Mr. MONTROYA. Mr. Chairman, I would like to take a few minutes to make some remarks which should be made part of the record and which I am sure a number of my colleagues will wholeheartedly support. I have given some serious consideration and detailed study to a number of depressed area bills not only during this session of Congress but in previous sessions. I also fully realize the benefits from the legislation in terms of dollars will go largely to the States in the eastern half of the country, and the South. However, I do favor the legislation because it is necessary and I would support it even if it did not help my State, but in fact, I support it more closely because I see that it will benefit New Mexico.

If I may, I would like to take a few minutes to present a realistic picture of New Mexico's economic situation as it exists in a number of counties. Although the overall statistics show that our State is prosperous, ignored is the economic retrogression which is taking place in half of the State's 32 counties. Sixteen counties have even lost population with the northern and northeastern sector of the State being particularly hard hit. The latest figures available show that in counties such as Sandoval, the per capita yearly income is as low as \$416. Of course, it should be noted that approximately 42 percent of this county's population is Indian.

Other counties in this depressed economic condition have a surplus labor force and are underdeveloped. Some of our counties are unfortunately in the low per capita income category without any hope of extricating themselves unless the provisions of this legislation can offer a helping hand. The mining areas of New Mexico are also hard hit with many miners refusing to leave these areas, thus posing a serious problem and load on our welfare agencies.

These depressed counties also have high proportions of their population receiving State welfare benefits with large numbers of children, a few adults in their productive years, and many older people. Their complex social, cultural, and eco-

nomic problems pose a serious challenge to both Federal and State Governments.

State unemployment insurance payments doubled during 1960, according to Employment Security Commission reports. They increased from \$4,601,002 in 1959 to \$8,950,245 last year. The Commission also noted that more people were out of work for longer periods of time, with job openings falling 14 percent and the number of jobseekers increasing by 9 percent.

I am particularly pleased to note that one underprivileged group, the American Indian, under the provisions of the Committee-reported bill will be able to participate in the loan program. This door will be opened not merely to Indians in my State, but to Indians everywhere. Due to the underdeveloped areas on which many of our reservations are located, the Indian tribes in the United States are almost without exception among the rural, low income groups. I would like to point out that in New Mexico a substantial portion of the entire Indian population of the State is included in the northwest third of the State, an area which has been classified as a rural area with serious low income. This means that the area meets three criteria; namely, first, less than \$1,000 average residual income to the operator and to family labor on commercial farms; second, level of living index among the lowest fifth of the Nation; and, third, having 50 percent or more of the commercial farms producing annual sales of \$2,500 or less.

Turning now to another facet of our population affected by this bill, it is regrettable indeed that the American Indian, because of the trust status of his meager resources, has been unable to seek out the kind of economic opportunity which requires monetary investment. Although the American Indian is very industrious, he prefers the environment of his forefathers and that is why the pueblo type of existence needs economic uplifting through the provisions of this legislation. I understand there is some question as to the justification for making redevelopment loans to Indian tribes or to areas including Indian reservations. It has also been said that this type of legislation is intended to serve a temporary purpose whereas the rehabilitation or development of Indian areas is a longtime task. I would like to point out, however, that under the provisions of the legislation now being considered, long-term loans may be made. Actually, these loan terms run for longer terms than has been the practice of the Bureau of Indian Affairs with funds under its control. Generally, loans made by the Bureau have been for short periods, 10 years, 5 years and even shorter. I know of no loan from the revolving fund so called, for more than 20 years. It is obvious to me that this legislation, for certain long-range purposes, would offer greater opportunities to the tribes than are currently being offered from other sources.

Administrative officials, operating with limited funds, have frequently said to Indian applicants either that Indian

tribes were not eligible because they are the responsibility of the Bureau of Indian Affairs, or that the granting agency had no more money available. It is therefore, of the utmost importance that this segment of our population be given every opportunity to avail itself of a program which can and should improve its economic standard.

In connection with an amendment which I will offer to S. 1, I would like to make a few remarks relating to the need for training unemployed and underemployed rural people. One of the significant facts in the social and economic development of the United States is the shift from a rural agricultural society to an urban industrial and service society.

Farm population has been declining for many years. In 1910 about one-third of our people lived on farms; by 1950 only one-sixth, and by 1960 only one-tenth of our people lived on farms. There has been predicted that by 1975 farm population may be around 17 million or about 7.5 percent of the total population. The number of farms has likewise decreased. There were 6 million farms in 1940; 5.3 million in 1950; and 3.7 million farms in 1960. It has been estimated that from 50 percent to as high as 90 percent of our young people in rural areas will need to look elsewhere for placement in an occupation. The rapid changes that have been taking place for many years in the mechanization of agriculture are making it possible for many boys and girls to leave the farms to work in other fields of work. For many years there has been much underemployment in agriculture. The farmer has become such an efficient producer that it is possible for a smaller number of farmers to produce the food and fiber needed by our people. A century ago one farmer produced enough food and fiber for himself and three others. Today he produces enough for himself and 24 others. Experts predict that the farmer will soon be expected to produce food and fiber for himself and 45 others. An increased percentage of farmers are working off farm part of the time during the year. As mechanization and the adoption of educational scientific practices increase, it is expected that a larger percentage of farmers will work part time in other occupations.

It is important to utilize fully the available manpower in rural areas. It is likewise necessary to make available opportunities for youth and adults from farms to prepare for new occupations where they may find opportunities for increased service to the Nation.

There are many depressed areas in rural America where there are limited opportunities for rural people to prepare for an occupation or to obtain placement in an occupation that will offer a satisfactory standard of living. Rural people should be given the same opportunity as offered by their neighbors in urban areas. Unfortunately, many rural people have limited educational opportunities because of the thousands of small high schools. Many of these schools are too small to offer the types of vocational education

courses that are needed for their children. If the Nation is to utilize fully its manpower potential then it cannot overlook the millions of young people and adults who are finding it necessary to leave rural communities or who are living in rural communities but are underemployed. If rural areas are not permitted to share in the benefits of Federal funds for providing training for depressed areas, it will be a serious loss to the people who live in these areas and who need the training. It will likewise be a great loss to the Nation because the services of these people will not be utilized to the best advantage.

In order to serve efficiently rural areas, it will be necessary to make available occupational counseling to rural people. Many of these persons are not familiar with the opportunities that exist in other areas; neither are they familiar with the training required for many of the occupations. In addition, careful studies will need to be made to determine those individuals who should be permitted to receive training for an off-farm occupation.

Appropriate courses in vocational education should be made available on an area basis so that individuals who desire may prepare for an occupation. After the training is received, adequate assistance should be given in connection with the placement of these persons in an occupation. It would be unfortunate to prepare these persons for a new occupation and then not assist them in becoming placed in this new work.

Providing vocational training, counseling, and placement, will not help solve all the problems of persons who live in depressed rural areas but these services can be of genuine assistance.

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. GRAY].

(Mr. GRAY asked and was given permission to revise and extend his remarks.)

Mr. GRAY. Mr. Chairman, I rise in support of the bill S. 1, as amended. I deeply appreciate the opportunity of speaking in behalf of this much needed legislation to aid economically distressed areas. I am proud to be one of those Members who has consistently introduced and supported area redevelopment legislation. I have been more than disappointed by the lack of interest the previous administration demonstrated for the welfare of our unemployed people in my district and those of other areas of high unemployment in the country.

Mr. Chairman, I have the honor of representing the 15 southernmost counties in the great State of Illinois and before settling down to the true facts concerning our economic conditions as they now exist, please let me preface my remarks by saying that due to coal and fluorspar mine closures and other factors, the economy of southern Illinois has been slipping for the past 12 years. The people of this region, through their chambers of commerce, Southern Illinois, Inc., Southern Illinois University, community development programs, and other groups have done an outstanding

job in trying to promote private industry to our region to take up some of the unemployment slack. However, the decline has been greater than the progress. Southern Illinois is made up of fine people, good schools, churches, and bounded on both sides by two of the greatest navigable streams in the world, the Ohio and Mississippi Rivers, but is severely hurt economically; and if this bill is not passed, thousands of people will continue to suffer and be forced to receive public aid, or leave the area. In the past 10 years approximately 38,000 people have left the area to find employment elsewhere. Approximately 20,000 able-bodied men and women remain unemployed in my district. According to the last figures from the Illinois Public Aid Commission, there are approximately 35,000 persons receiving surplus food in the 17 lower counties of southern Illinois.

As I said in my opening remarks, we are doing everything we can to help ourselves and much progress has been made; however, if the situation is to be corrected, we must have outside help. I will give my hometown of West Frankfort, Ill., as an example of what has been happening to southern Illinois communities over the past several years. The official 1940 census listed my hometown population as 15,700. The official 1950 census showed 11,400 and a recent census gave us 9,000 people. Those wearing rose colored glasses cannot dispute these cold facts. When a community loses almost 50 percent of its prewar population, something is drastically wrong and certainly no one can argue that this type of community is not in need of assistance. Speaking for my hometown, I can say that every effort has been made to help ourselves. Unemployed coal miners and others who could not afford it, have contributed to an industrial fund to induce private industry to locate, however, we need many things to attract industry that our local people are not able to provide. That is the real reason Congress must recognize its responsibility and aid these areas suffering from chronic unemployment. The last 12 to 15 years we have been successful in attracting and developing 12,000 to 15,000 manufacturing jobs. Coal mining jobs have declined at a much greater rate however, so many of our miners who lost jobs are 40 years of age or over. New manufacturing concerns are reluctant to employ men in that age bracket when there is a large labor surplus of younger men. When an ex-coal or fluorspar miner is unemployed and is 40 to 55 years of age, he faces a long uncertain wait until his social security benefits are available. Oftimes his skills acquired in the coal mines are not transferrable to manufacturing operations. Generally, he started working in the mines at an early age and terminated his education before he developed any other special talents or skills. I have many close friends and neighbors in my district who are caught in exactly the predicament I described. I firmly believe the passage of an area redevelopment bill will in time provide badly needed facilities to attract and develop more industrial jobs.

In closing Mr. Chairman let me be a little political if I may. During the last campaign several Republican speakers including Vice President Nixon and a so-called Republican truth squad came into southern Illinois saying "Give us a Republican Congress, Give us a Republican administration and we will give you a distressed areas bill much stronger than the Democratic bill vetoed by President Eisenhower." In fact Mr. Chairman, they named certain cities in my congressional district and told how much aid they would get under a Republican bill. Oh, what a difference between election promises and actual performance. We now find the Republican leadership in Congress either opposed to any bill or they are working for a watered down version that would be of no help to anyone at all. What a blessing it has been that the American people saw fit to elect another Democratic Congress and a Democratic President who keeps election promises. If anyone doubts the statement I am making, just wait until the rollcall is taken and you will find over 90 percent of the Republicans opposing S. 1, the committee bill.

Mr. Chairman, does this sound like the wild promises made before the election that Republicans are really for the unemployed. I will let the record speak for itself. I urge everyone who has a sincere desire to help the unfortunate to support this meritorious legislation. All you need do is to take a few minutes of your time and visit an area where young able bodied Americans are suffering undue hardship because of no job; no means of livelihood for their families. This is an all American bill. Please now do for Americans what you have been doing for foreign countries for years. Thank you.

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DULSKI].

(Mr. DULSKI asked and was given permission to revise and extend his remarks.)

Mr. DULSKI. Mr. Chairman, I rise in support of the depressed areas bill before us, and urge its adoption.

There are approximately 100 communities in our Nation, with more than 15 million people, where there are nearly one million unemployed who have little or no hope of finding employment in their communities even when the economy recovers.

What causes these depressed areas? In analyzing the various factors, I find the principal ones to be first, the item produced in the area has lost its demand; second, automation or a change in production has occurred; and third, the plant has shut down and moved to another locality for sundry reasons. We might describe these depressed areas as the "industrial slums" of our country.

The people who live in these areas are suffering great hardships. Their unemployment compensation benefits are exhausted. Their savings are exhausted. Many of them are existing on welfare aid or help they are receiving from relatives and friends.

The communities in these depressed areas are also suffering. They cannot provide the public service that attracts business to localities when unemployment is prolonged indefinitely. Local budgets have to be kept at a minimum, thus necessitating a curtailment of educational facilities, capital improvements, and public construction.

President Kennedy has said:

It would be a mistake to consider the problems of chronic unemployment and underemployment solely in the context of the areas directly affected. The entire Nation suffers when there is prolonged hardship in any locality. This problem is especially critical today, for 1 out of every 10 persons in the United States lives in an area that now feels the impact of chronic unemployment or underemployment.

I believe that industrial development, in the rehabilitation of these distressed areas, should be through the expansion of existing plants and the establishment of new plants. A program that would bring industries into a depressed area from other regions would not result in any improvement in industrial activity, and only shift the problem of unemployment rather than solving it.

If the total demand for labor in our Nation as a whole could be increased more than the average growth of our labor force, the industries moving into the depressed areas would then represent a net addition to the number of jobs normally provided by our economy. In this way an effective redevelopment program can be an invaluable instrument in expanding our economy and the future growth of our Nation. But we must make certain that this legislation will create new jobs rather than transfer jobs from one region to another. This is the aim of the bill before us which states as one of its purposes, "that under the provisions of this act new employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States."

In my city of Buffalo and, in fact, the entire Niagara Frontier area of New York State, has been extremely hard hit by unemployment. Factories have shut down and some of them have even moved out of the area for a number of reasons.

In February of this year it was estimated that the number of unemployed in our area was 12.1 percent of the labor force.

Under the legislation we are now considering, Buffalo could be made eligible for aid even though it just missed the eligibility criteria for redevelopment loans by three-tenths of 1 percent. The bill states that the administrator of the program "shall also designate as 'redevelopment areas' those areas in which there exists a condition of substantial and persistent unemployment or underemployment." I am certain that the administrator of this program would give Buffalo every consideration for such a designation.

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DENT].

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, I rise to support the committee bill to aid distressed areas.

The once great industrial State of Pennsylvania finds itself listed as No. 2 in the Nation in its economic distress.

We are second only to West Virginia in this regard.

Both States are victims of the same destructive forces that have destroyed their normal economic wellbeing.

One cause of their troubles has come from the adverse economic effect of the Reciprocal Trades Agreements Acts.

This was acknowledged by the Senate version of this act before being amended by the House committee.

Section 5 of Senate No. 1 made a community injured by reciprocal trade agreements and foreign imports a first priority under the distressed area bill.

The House revised this section simply because if every single community could be called a distressed area because of import injury the established metropolitan area plan now used as a criteria in determining the areas that qualify for aid under the bill.

This was just as well because this bill should not be compared with the serious problems raised by the perversion of the trade agreements in the last 8 years.

Other causes of course, have added to the troubles of our great State not the least of which have been the automation of industrial production, the impact of gas and oil as a source of fuel replacing the basic coal industry.

In passing it might be helpful to consider the injury to these industrial areas by the raiding forages from Southern States with their tax concessions, free industrial facilities, appeals for migration based upon cheaper labor markets and lower real and personal taxes.

The need for this legislation is brought about by the complete exhaustion of resources in the areas that suffer from chronic and/or long enduring unemployment.

The money loaned to these communities will not put these distressed areas ahead of other more prosperous communities but will in fact only give them a chance to catch up and be able to fight for their existence on more equal terms.

The one serious drawback with the present bill is that it will prove woefully inadequate because too few of us really know the extent of the distress in so many of our States.

One can hardly call legislation involving approximately \$400 million for the aid and relief of the 50 States of the Union while we spend billions and billions yearly doing exactly the same thing for states and nations foreign to our shores.

Without denying help to friends and allies, can we honestly deny it to ourselves.

The peoples living in a distressed area are in need of Federal assistance and this Congress will be remiss in their duties if it fails to pass this legislation this session.

We have every reason to believe that this bill will receive Presidential approval from the President rather than a Presidential veto—a veto incidentally that has caused untold and uncounted additional suffering in these distressed areas because of the unwarranted postponement of the help this legislation makes possible.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD on the bill now under consideration.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MOOREHEAD of Ohio. Mr. Chairman, as a member of the subcommittee of the Banking and Currency Committee which developed this bill, I rise in its support. I make this statement in the realization that it is not a perfect bill. There are portions of it which I would prefer to see deleted. Similarly, there are provisions which might be included to improve the bill. Nevertheless, I feel strongly that this legislation represents a compromise developed out of opposing philosophies by men who feel a bill of this kind is necessary. It is a far better bill, in my opinion, than the legislation passed recently by the Senate, and it is a great improvement over the measure which President Eisenhower vetoed for many valid reasons last year.

I represent here an area of southeastern Ohio that has suffered economic plight for many years. The coal and pottery and other industries that once flourished in my district have declined, leaving distress, unemployment, and attendant economic and social problems. Our population has remained stagnant, and over a period of four decades a number of the counties in the district have lost population. Young people have sought employment elsewhere because there were no opportunities or too few opportunities at home. These conditions have persisted in good times and bad if we compare our potential against the progress of other areas of the Nation.

Let me respond to those who argue that the Federal Government should not embark on legislation of this kind, that it destroys local initiative, or that it only serves those persons and groups who sit and wait for their fellow taxpayers to provide them a living. For years, in my district, the people have exercised imagination and initiative. They have worked and are working diligently to attract new industry to utilize the resources we have to create productive jobs for a large and willing number of people seeking work. There have been some notable achievements. New plants have come in. There is a new developing diversity of industry and we have represented in our area plants of some of the largest and most respective American corporations. However, in my opinion, help is needed—not direction and dictation from Washington or a Federal handout. We need a sound program of assistance to help ourselves. That is

what I hope this bill will provide, not only in southeastern Ohio but wherever difficulties of this kind persist.

The Federal Government is deeply involved in our local troubles already. The United States pursued, for more than a decade, a policy of bountiful aid to other nations. American dollars have made possible the spectacular recovery of Western Europe and Japan. Machines and technical advice have been furnished in abundance so that these nations could use their own natural skills and the advantage of low-paid labor to invade the American markets with their products. Our laws have consistently encouraged the competition of imported products with American-made goods in our domestic markets. There are many plants padlocked in southeastern Ohio and countless jobless persons who can trace their economic problems directly to the foreign trade policies enacted consistently by the Congress since World War II. Is it not fitting that the Federal Government should express some willingness to help these people help themselves.

Unemployment is, of course, an immediate and tragic problem for the person upon whom it is visited. It is also a serious problem for the community and the Nation. Congress has been quick to respond to this issue when it has arisen. Only recently we have enacted emergency unemployment compensation legislation. Several days later we provided Federal funds to assist the children of the unemployed. These emergency costs amount into the hundreds of millions of dollars. In some areas, the costs continue to mount year in and year out. I recognize that this bill is not intended to deal with the present business slump. Its purpose is to meet the problem of chronic distress in specific areas of the country which meet criteria it establishes. However, I mention them because the States and the Federal Government provide unemployment assistance and public relief to the jobless. These measures are necessary, but they are unproductive in the long run. They assist in a peripheral way, but they add little investment in the future.

It has been pointed out that in 16 areas of chronic unemployment in the State of Pennsylvania, unemployment compensation and public assistance benefits together totaled \$130 million in 1960 alone. If unemployment in these 16 areas could have been brought down to 3 percent of the labor force, nearly \$90 million might have been saved in 1 year in this one State. I am not interfering, as I believe some of the supporters of this bill may have done, that the legislation we are discussing today would have made this total saving possible. I do say that with this bill enacted into law there would be possibilities which are not available today. We are not discussing the simple issue of the costs of this bill alone. The question cannot be honestly isolated from other considerations. Most of the costs of this bill will be in the form of repayable loans. There is a tremendous cost attached to the failure to provide Federal assistance in

this case and the costs can be totaled in savings in existing programs. The costs of losses in human energy, dignity, skills, and progress cannot be measured so easily, but they are deeply involved here, nonetheless.

In this measure, we want no pirating of industries by one community at the expense of another. Redistribution of distress is not to the Nation's advantage. Nor do we want back-door financing by the Federal Government so that we obscure further the fiscal policies of the country. This bill seeks strongly to avoid piracy and calls for necessary funds to be subject to annual review by the Appropriations Committees of the Congress. In this way, this bill would be far better than any on this subject previously submitted to the White House.

Someone has said that if this bill is passed it will result in mass frustration and disillusion, since it promises more than it would deliver. This is true only if it is not regarded in sensible perspective. The Federal Government is not in a position to create productive industrial jobs. It has great power, but jobs are created because individual producers are willing to translate ideas into salable merchandise. This involves insight, vigor, skill, and risk on the part of the producer. Let us have no illusions about how employment which genuinely adds to the Nation's productivity is created. Sleight of hand from Washington does not change this basic fact, and I hope no one in either party will be so naive or cynical as to hold out the promise of immediate benefits that solve all or even most of our economic problems. This bill will not produce miracles. It will, I believe, give needed encouragement and incentive to local people to work even harder with the proper tools to create a favorable climate for general industrial development. The big job still rests with the community.

Both political parties have long recognized the need for Federal area redevelopment legislation. It has been discussed in Washington for a decade or more. The Republican and Democratic Party platforms have both called for its enactment. How the details of the legislation should read has stalled final action. I can understand the differences of opinion which have been so ably expressed here today about this bill. They are founded on sincere interpretations of what is best for the public interest. But with equal sincerity and conviction, I urge the House to pass this bill and to insist that its provisions prevail over those embodied in the bill passed by the other body.

Mr. RYAN. Mr. Chairman, S. 1 is a sound program for Federal area redevelopment assistance designed to put an end to the pockets of chronic unemployment which have marred the American economy for some years. Many of these areas have demonstrated a crying need for assistance since 1955, and their number has been steadily increasing in the last 3 years. Twice the Democratic majorities in the Congress have passed distressed area legislation, only to have their work undone by presidential veto.

Now that we have a President in the White House who is demonstrating an immediate concern in the plight of the more than 6 million Americans living in the 108 presently designated depressed labor markets, we can at last enact a program which offers them the hope of economic recovery for their communities.

My own State of New York has 6 smaller labor surplus areas which will be eligible for Federal assistance under S. 1. These areas are Amsterdam, Auburn, Gloversville, Jamestown-Dunkirk, Ogdensburg-Messena-Malone and Plattsburgh. The latest figures show that in Amsterdam 14.1 percent of the labor force is unemployed; Auburn 9.7 percent of the labor force is unemployed; Gloversville 15.3 percent of the labor force is unemployed; Jamestown-Dunkirk 5.8 percent of the labor force is unemployed; Ogdensburg-Messena-Malone 14.2 percent of the labor force is unemployed and in Plattsburgh 8.4 percent of the labor force is unemployed.

New York State as a whole is in need of help. The State has 7.3 percent unemployment with 557,231 people out of work. Although New York City may not qualify for direct aid under this bill, the city would benefit from any reduction in unemployment in the upstate areas as industries in the city service the entire State. Needless to say, New York City with 353,100 people unemployed needs assistance.

Puerto Rico will also benefit from this bill. This important Commonwealth has been engaged in a program of self-help which should be praised by all of us. However, the recession has hit Puerto Rico, and this area deserves our support and encouragement. There are three areas of substantial and persistent labor surplus in the island. Mayaguez, Ponce, and San Juan. A brief look at the statistics will indicate the need for the type of assistance provided for in S. 1. In the Mayaguez, Ponce, and San Juan, 12.3 percent, 14.4 percent, and 6.2 percent of the labor force respectively is unemployed. There are a total of 22,500 people out of work.

I am somewhat concerned about the adequacy of this proposal should the national economic situation not improve as rapidly as some predict it will. With only \$394 million in potential loans and grants to be distributed among 108 industrial areas and an indeterminate number of rural areas, and a restriction on the amount to be made available for use before July 1, 1962—loans not to exceed \$90 million before July 1, 1962—one might question whether any community will receive enough financial help to get back on its feet. I firmly support the proposals contained in S. 1. But if the state of the economy does not show a marked sign of an upturn soon, I believe we must consider more drastic measures to alleviate the condition of chronic unemployment in the distressed areas.

Mr. CUNNINGHAM. Mr. Chairman, I am anxious to give my full support to those truly depressed areas of the country such as those in Pennsylvania and

West Virginia. I am willing to support legislation for such areas even though my own State has a high degree of employment and needs no such assistance from Washington.

However, I cannot with clear conscience support the legislation now pending, as it is a scatter-gun approach. It extends hope to those who need help, but I am confident that such help will never materialize through enactment of the proposed legislation. Contrary to statements made, I am of the opinion that the bill will stimulate the pirating of industry from one city to another at the taxpayers' expense.

So far as my district is concerned, we have a healthy economy built by loyal Americans through our free enterprise system. We do not think it proper or fair that the Federal Government should discriminate against industry in my district as it would undoubtedly do if this legislation is approved in its present form.

Therefore, Mr. Chairman, I plan to support the Widnall substitute as it is a workable piece of legislation and gets to the root of the problem. It will bring about the results we all want. It will actually cure the problem and put people to work. It has a very strict provision against the pirating of business from one city to another.

I hope that the workable, effective substitute will prevail. I shall support it. If it does not prevail, then I shall vote against the committee bill because I am convinced that it is a "pie in the sky" proposal and will never do the job that needs to be done.

Mr. NIX. Mr. Chairman, I would like to speak briefly in support of S. 1, the area redevelopment bill. This bill was reported out by the Committee on Banking and Currency, after careful study and many long hours of hard work, and after taking thousands of pages of testimony on this and related measures. I hope my colleagues have paid particular attention to the excellent testimony given by Governor Lawrence of my own State of Pennsylvania. I feel that this leaves no room for doubt about the need for this legislation.

This bill provides for Federal loans to industrial firms to expand employment in areas which have long suffered from a high rate of jobless workers, and in depressed rural areas as well. It also provides loans and grants for necessary public facilities in these areas, and it provides important aids for occupational training of workers.

Mr. Chairman, I am convinced that this bill is justified because of our moral responsibility to relieve the suffering of the unemployed. The Congress clearly assumed the obligation to do whatever it can to maintain high levels of employment in the Full Employment Act of 1946. This purpose has repeatedly been reaffirmed in other acts to expand employment and to provide assistance to the unemployed.

I also support the committee bill because I am convinced that it will benefit the people of my own district and, in fact, Americans everywhere. Unemploy-

ment wherever it exists means idle resources and a waste of manpower. In the last campaign it was clearly established that one of the basic problems facing America is the recent slackening in its rate of growth. A growing economy will provide higher incomes and better standards of living for all of us. It will enable us to carry our defense burdens more easily and meet the fierce economic competition of the cold war. If this idle manpower can be put to work, the entire Nation will benefit.

By the same token, if we allow economic stagnation to go untended in the more than 100 urban areas and in the many unfortunate rural areas where it now exists, it will sap the strength of the whole economy. People who are out of work or who live in oppressive poverty cannot buy the automobiles, appliances, apparel, and the hundreds of other products of American industry and agriculture. Every unemployed worker and his family represents a lost market to the rest of the economy. It constitutes a drag on business activity which could eventually result in serious layoffs in other towns and cities seeking markets.

Moreover, such unemployment represents substantial costs through unemployment compensation and relief payments. Unfortunately no overall statistics are available, but I am confident that the fact is that depressed areas have cost hundreds of millions of dollars to the rest of the economy. In fact, in my own State it was testified that in 1960 alone, outlays for unemployment compensation and public assistance benefits paid just in the 16 communities in the State of Pennsylvania totalled \$131 million. If unemployment in these areas had been held to 3 percent of the labor force, there would have been a saving of nearly \$90 million. And this is just for one State in a single year.

Mr. Chairman, we cannot afford to neglect the economic problems of these communities any longer. The cost to the rest of us runs far more than the dollar amount of this bill. More importantly, the people who live in these areas do not want charity—they want work. The provisions in this bill are very carefully calculated to create a net expansion in employment and production to provide work for these people. By raising their incomes it will also increase the markets for the output of other areas and help restore prosperity to the entire economy.

Mr. DERWINSKI. Mr. Chairman, I will briefly discuss the two major areas to which our studies should be directed in considering this so-called depressed areas bill.

First, the question of piracy. Both proponents and opponents of this bill have expressed fears concerning pirating of industry which could occur as use is made of the funds as authorized under this bill. Explanations have been offered that the strongest possible language is included to prevent this, yet obviously there are no safeguards within this bill to stop this feared situation.

In addition, may I point out that in most States and in many local com-

munities throughout the country, industrial development has been effectively promoted, and this federally imposed program would have the effect of competing with activities of State and local governments in these same areas.

Furthermore, the vagueness which characterizes this bill, giving almost unlimited power to the administrative agencies, raises the obvious fear that complete disregard for local interests would result if this bill should be accepted.

I feel that the committee bill does not approach the real source of the problem. Merely aiding in the development of plant sites, buildings, and facilities does not guarantee the manufacturer a ready market for his products. Would we in future years be requested to stockpile production by firms in depressed areas if they are unable to operate with consistent volume of profit?

The formula and vague administrative practices set up in this proposal are such that all the funds allocated could be drawn into a few pockets of the country, leaving other areas whose hopes have been raised by the utopian nature of this program grievously disappointed. It is my frank opinion that this bill actually represents a completely false approach to areas of chronic unemployment, and the disappointment that would follow with the unworkable nature of this proposal would be greater than the economic ailments which States and local communities are themselves striving to overcome.

Despite all the statistics and vague promises we have heard, the plain fact is that the funds we are asked to appropriate will not solve the problem for which they are intended, will add further to the huge budget deficit the new Administration seems determined to create. It will create new depressed areas by pirating industry from booming sections of the country and will result in developments which will be harmful to the employees, employers, and above all, the already overburdened taxpayer.

There is one other item that ought to be discussed, and that is the possible job protection that should be afforded employees whose firms are pirated from their present areas. If the Committee is truly serious in its regard for the employee's rights, it will adopt provisions guaranteeing the seniority rights of employees affected by transfer of a portion of a firm's present manufacturing facility. To fail to provide this protection will cause personal suffering to employees now working in many areas of the country.

I realize that to a degree my words are falling on deaf ears since the Administration is determined to jam this bill through the Congress. I point out, however, that in the coming decade, we face a serious task of gearing our industrial machine to employ a steadily expanding labor force. Complete disregard for human hardship is indefensible, and this bill will cause, in my opinion, a chaotic nationwide situation.

I wish to close by making one brief observation which I hope will not be at-

tacked as a display of sectionalism. Illinois has communities which are tagged with the depressed area label which have helped themselves by effective local industrial development financing programs. The consensus of opinion in these Illinois areas is that the combination of State, regional and local programs is creating consistent economic gains, and with proper acknowledgement of problems, we are well on the way in Illinois to solving them. At the moment money is available for loans to prospective industries in the so-called depressed areas of Illinois, which points out the basic fact that this bill is not needed.

Mr. BARRETT. Mr. Chairman, I wholeheartedly support S. 1, the area redevelopment bill, because it is designed to meet the problems confronting all areas in the United States that are suffering from chronic unemployment. I am proud to be a member of the Banking and Currency Committee which considered this legislation. Basically, this bill represents the position of President Kennedy in this field. It is a much needed piece of legislation and one which is long overdue. Unfortunately, two similar bills which were passed in previous years by the Congress met with Presidential vetoes in the last administration. Now at last we will see this program put into action.

The area redevelopment bill will be of direct and immediate benefit to many communities throughout the country, including my own district in south Philadelphia. The Delaware Valley area has long been recognized as one of our greatest industrial areas. However, this does not mean that it does not have problems. Some industries have left the area or closed down. The result has been layoffs and unemployment.

Under the provisions of S. 1, south Philadelphia and the Delaware Valley can be rebuilt. Production and employment will be expanded and income raised.

This bill will directly benefit Philadelphians in a number of ways. It will provide for Government loans on very liberal terms. The interest rate on these loans currently would be 4½ percent and they can be used to construct or improve industrial facilities that will put people back to work. In addition, liberal loans will be available to finance needed public works for the benefit of the entire community. The bill also provides Federal aid for our State vocational training system which will give workers an opportunity to obtain better and higher paying jobs. The bill would further provide subsistence payments to workers while they take this vocational training.

I am particularly pleased with one provision in the bill, which recognizes the hardships and the outright dollar cost imposed by cutbacks in existing defense facilities, such as the Philadelphia Naval Shipyard, the Philadelphia Quartermaster Center, the Marine Corps Quartermaster Depot, and others. If we are to do something to alleviate unemployment, we certainly cannot ignore the impact which defense cutbacks in exist-

ing activities are bound to have. Therefore, the bill requires a study and report to the Congress of this problem with a view to maintaining employment in existing Federal installations.

The dollar amounts involved in the area redevelopment bill are small indeed, but the benefits will be extremely important. Unemployment in our wealthy Nation is intolerable and I am pleased that the administration and the Congress recognizes the Federal responsibility to help our people.

Mrs. GRANAHAN. Mr. Chairman, we are a religious and moral people with generally high standards of conduct in our relationships with one another and yet, when it comes to economic issues, the American people seem to divide into two groups with one group seeming to hold to the opinion that helping one's neighbor is in some way un-American and undesirable.

If the neighbor's house were burning, to use President Roosevelt's World War II example, none of us would hesitate to use our garden hose—or any tool at hand—to help the neighbor in desperate need. And we would not say to him: "Convince me you have done everything you possibly could do to help yourself in this emergency before expecting me to give you any help."

However, in the case of our distressed areas—areas with which we in Pennsylvania are so grimly familiar and whose plight we fully recognize and understand—in the case of these distressed areas, some here today would apparently say that we dare not do anything really effective to help them until we are convinced beyond any possible doubt that they have done everything they can to help themselves.

Believe me, Mr. Chairman, this is the same as saying to the neighbor whose house is burning down: "Do not expect any help from me until I am sure you have tried everything you could do on your own, including calling all of your relatives to drive out here to help you." At what point do we finally intervene?

ENTIRE NATION'S ECONOMY AFFECTED

For the areas of substantial and persistent labor surplus—the chronically distressed and depressed areas—are in desperate difficulty. And we—all of us in this country—are involved in their distress, and suffering from it, too.

Philadelphia is currently among the areas of substantial labor surplus, along with most of the 149 other major production centers of the Nation, and along with 184 smaller labor market areas. But our depressed situation is not chronic, not persistent, as it has been for so long in 20 of the major areas now on the list and in 88 of the smaller areas on the list. We bounce back when business picks up, but the upswings have been taking longer and longer in recent years.

However, we fall into the surplus labor category periodically and stay in it longer these years, primarily because of the depressing effect upon us of employment conditions in other parts of Pennsylvania and other parts of the Nation—we are dragged down by the existence of recession and depression in other areas.

Eventually, if we do not cure this persistent problem, every part of this country which now feels that it is relatively prosperous is going to be suffering from the backwash of economic tides from the depressed areas. Even as it is, there is not a single major production center in this country which is at present experiencing any real prosperity—which does not have a labor surplus of at least moderate proportions.

PENNSYLVANIA'S GOVERNOR HAS SOUGHT EVERY POSSIBLE SOLUTION

To those Members of the House who feel it is none of their business how bad business may be in other parts of the country, or how much unemployment may persist in other parts of the country, I say, Mr. Chairman, the bell tolls for them, too—for their areas, too.

Pennsylvania has been alert to this problem and has, under Governor Lawrence and, before him, under Governor Leader, sought with all of its resources to meet our economic problems. Our Governor has not left a stone unturned. But these problems cannot be solved in Pennsylvania alone.

This spreading blight of labor surplus, of mass distress, of technological displacement and automation unemployment, of reduced output in the face of increasing population in the work force—this situation demands prompt correction and it requires national leadership and direction and funds and assistance.

We have gone through the last two Congresses arguing over this issue to no decision—because of vetoes and official disinterest in the executive department. We now have a President who deeply and urgently believes in the solution which would be possible under the bill now before us.

This measure deserves support because it can be effective. It deserves support because it is fair. It deserves support because it would demonstrate that in economic affairs, as in all other ways, this must be one Nation, one people, with common objectives for the benefit of all Americans.

This is not a jungle of 150 major production centers at war with one another. Our economy can prosper only when the 150 areas are all working, and working in harmony, and utilizing to the full the brains and energy and abilities of all of their people in the working force.

Mr. LINDSAY. Mr. Chairman, there is need for a depressed areas bill—one that will focus on areas of chronic need. In my judgment the Widnall substitute is a more effective approach than the committee bill, although I am pleased to note that the committee bill has been tightened in many respects over the legislation that was passed in the 86th Congress and vetoed by the President.

I have long maintained that the function of the Federal Government is to concentrate on areas of chronic need and not to attempt to spread Federal funds thinly over the United States to the detriment of areas in chronic need.

Second, I believe strongly in occupational training programs—programs un-

der which surplus labor is given skills and training in occupations where there is a demand.

The Widnall substitute makes the following improvements over the committee bill: First, instead of providing \$100 million in loans for the construction of plants in truly depressed areas, it will provide \$150 million, 50 percent more. This is a desirable addition for the hard-core industrial depressed areas. Second, the Widnall substitute will more than double the amount of funds provided for occupational training and retraining. Whereas, the committee bill provides \$4,500,000 toward this end, the Widnall substitute provides \$10 million.

The Widnall bill makes up most of the cost of the above by reducing the proposed grants in the committee bill to rural areas from \$100 million to one-half million dollars, the latter amount to be used to study and develop a workable program for rural areas. The Widnall bill has tighter criteria for the designation of industrial redevelopment areas. Under the committee bill it is possible that a whole State could be a redevelopment area.

There are other differences between the two bills, Mr. Chairman, but the ones I have mentioned are the most important differences. For these reasons, therefore, I support the Widnall substitute, and I intend to vote for it, if necessary on a motion to recommit the committee bill with instructions to the committee to bring back the Widnall substitute.

In the event the Widnall substitute fails of passage, I intend to vote for the committee bill. As I have mentioned, it is a tighter bill than the legislation passed in the 86th Congress, which I voted against. In addition, we cannot overlook the fact that conditions of unemployment are more serious now than they were at the time the 86th Congress considered other depressed areas legislation. A Federal undertaking is necessary and although I prefer the Widnall substitute, I shall not hesitate to vote for the committee bill in the last analysis if I am faced with no other choice.

Mrs. HANSEN. Mr. Chairman, I would like to associate myself with Chairman PATMAN, of Texas, Congressman JAMES ROOSEVELT, of California, and others who have spoken on behalf of the distressed areas bill because my own district is so deeply affected by this legislation. Its passage is of great importance to western Washington.

Mr. PIRNIE. Mr. Chairman, I am glad to rise in support of the amendment proposed by my distinguished colleague, the gentleman from New York [Mr. STRATTON]. He and I have worked closely together in this matter and I want to commend him for his diligence and cooperation in pursuing this problem.

The enactment of this amendment will insure that the economic aspects of defense planning will not be overlooked. The President himself has taken notice of this factor only yesterday in his special defense budget message to the Congress. Without restricting the authority of the Secretary of Defense to make military decisions which he deems in the

best interests of the United States, he will have the benefit of a careful study of the overall cost of any proposed elimination of permanent military installations or major parts thereof. This amendment seeks to create confidence in our Government, not shackle it.

Mr. Chairman, we owe this much consideration to those many communities having substantial unemployment, who face untold hardships by the removal of military functions. Millions of dollars have been invested by local taxpayers and private enterprise in providing needed facilities and services. The cities of Rome and Utica in my own area, with an unemployment index exceeding 10 percent, have been faced with the loss of over 6,200 civilian jobs, comprising the Rome Air Materiel Area. Many other congressional districts are now or will be confronted with similar problems.

Therefore, I urge approval of this amendment that will afford these communities ample opportunity to bring their economic situations to the attention of our highest defense planners.

Mr. DONOHUE. Mr. Chairman, in fulfillment of our common duty to promote the national interest, and in very particular concern for the distressed workers and industries of my congressional area, I rise to most earnestly advocate the prompt passage of S. 1, without crippling amendments or extended delay.

At this minute there are some 103 areas of chronic unemployment and economic depression in this country and unfortunately my own home city, together with several other communities in our Commonwealth, are numbered among them. The major number of more than 5½ million unemployed workers live in these areas around the country and over the past 10 years the problem has very obviously developed into one of national concern.

The fundamental question before us then, in connection with this legislative proposal, is whether we shall leave these distressed regions and their people to their further deterioration or shall the resources of the Federal Government be reasonably exercised to assist them?

I firmly believe our obligation to help them to help themselves is quite clear and we can answer the question and discharge our obligation by approving this measure now.

It is extremely difficult to understand those who apparently wish to extend and delay our action on this bill. The concept of this legislation and its overall provisions have twice been exhaustively discussed and debated in this House during the past 3 years. As a matter of fact, a bill of this type was passed in this House in 1958 and again in 1960. The majority of the Members here are thoroughly familiar with all aspects and the background of this current proposal.

It is not designed to, nor is it pretended that it will, cure all of the evils of unemployment and economic depression. It is simply and substantially an attempt to create new job opportunities in areas of high and chronic unemployment and,

by such means, to stimulate production and restore purchasing power for the benefit of the national economy.

These jobs would be created through providing assistance for the development of new industrial facilities by constructing water and power projects, where possible, and by encouraging communities to initiate varied public works projects, such as sewage disposal and water pollution control which are so generally needed.

Of special interest to my area, where the textile manufacturing industry, the shoe industry and so many others are fast disappearing, is the provision of this bill to train these unemployed, but loyal and intelligent Americans, in new skills.

For those who may have sincere fears about Federal Government intrusion and control, let us realize the Government is but one factor in these proposed activities. The program embodied in this measure very wisely and practically requires the participation of private industry and of local and State governments. It is not a substitute for local action; it is intended only to inspire dormant local action into effective operation and to stimulate its creative activity.

On the human side, it is in accord with our established democratic traditions of government functioning to try to save people, to save families and to save communities who desperately need such saving assistance through no fault of their own. It is in the fullest accord with the spirit and the principle expressed by our great President, John F. Kennedy, when he stated in his inaugural address last January 20, in front of this building, and I quote:

If a free society cannot help the many who are poor, it cannot save the few who are rich.

Mr. Chairman, the approach, outlined in this measure, to grant assistance to unemployed Americans and economically distressed areas in this country is basically the same as that contained in our foreign aid program, of long duration. On this score, it is puzzling for some of us to observe that those who appear to express the greatest fears about the worth and the wisdom of this bill are among the very ones who speak the loudest in favor of the continuation, and even the expansion, of the spending of the American taxpayers money for foreign redevelopment. We do not question their sincerity, but to promote their consistency we must simply tell them that all we are trying to do today is to apply the same principles, in substance, within our foreign aid program to helping our own American people here at home. We say to them that we deeply believe it is time that we treated our people at home with the same concern we have demonstrated for the welfare and development of foreign countries and foreign peoples.

With the guidance of divine providence behind a determined Congress and a united people, let us, by passing this bill, show the doubtful Communist leaders that our vaunted boast of having the highest living standards and more equality of opportunity than anywhere else in

the world, is not an American capitalistic myth.

Mr. WALTER. Mr. Chairman, as in previous years, I rise today, to reiterate the need of the House of Representatives to pass a workable area redevelopment bill; one that will give immediate substantial support to those residents in chronically depressed communities.

I have stressed this fact several times in the last year. Twice, Congress passed a depressed areas bill, only to have it vetoed by the previous administration.

Both national parties this past summer endorsed Federal aid for chronically depressed communities. Since those two conventions, the number of distressed communities has increased—many of them in my own State of Pennsylvania, and some of them in my own congressional District.

Today, the House of Representatives as a whole debates S. 1 a bill that I feel confident will establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment. It is substantially the identical bill that our distinguished colleague, the Honorable BRENT SPENCE introduced as chairman of the Committee on Banking and Currency.

I have never been more confident that this bill will provide new employment opportunities in distressed areas, such as we have in the once-thriving coal mining communities of Pennsylvania, West Virginia, and Kentucky.

Our entire economy will be improved as soon as the Federal Government gets substantial help into these communities. Everybody is going to benefit, not only those in the distressed areas but in every community is this great Republic.

This financial aid will supplement the efforts of States and communities, who already have been doing a tremendous job trying to alleviate chronic unemployment conditions.

These States and communities are not looking for handouts. Individually, these communities have invested large sums, including funds raised by popular subscription through community development organizations, for industrial site preparation, plant construction and other services in an effort to attract industry.

Many of these community development organizations can no longer provide help because their local financial resources have been exhausted.

These communities need help. The people in my district will be forever grateful if the House of Representatives will take prompt action today and pass this important piece of legislation—legislation that will start the machinery to get the great number of unemployed off the relief rolls and back to work as soon as possible.

Mr. MOELLER. Mr. Chairman, I join with my colleagues in support of S. 1, the administration bill passed by the Senate on March 16, as an effective Federal program of assistance to the economically depressed areas of our Nation. The national average unemployment has reached an unprecedented rate of 7.7 percent, higher than at any time since the Depression of the 1930's.

This is a situation affecting every American. For instance, in my own District, the 10th of Ohio, seven of the eight counties are listed by the Department of Labor as areas of substantial and persistent unemployment. This means that these counties currently have a rate of unemployment in excess of 6 percent, and have had such a rate for the last 3 years. These seven counties and the latest unemployment statistics released by the Labor Department are as follows:

Hocking County, 10.2 percent; Athens County, 10.2 percent; Vinton County, 10.2 percent; Gallia County, 15.2 percent; Meigs County, 15.2 percent; Jackson County, 9 percent; and Lawrence County, 16 percent.

As is readily apparent, my district has a real need for Federal area redevelopment legislation. This is why I introduced an area redevelopment bill in this House last January, and it is why I have continued to support the administration's effort to secure enactment of a constructive program.

My district is predominantly rural in character and we stand to benefit greatly from the special provisions in the administration bill to assist economically depressed rural areas. I sincerely hope that the Widnall amendment to eliminate virtually all assistance to rural areas and to cut the overall redevelopment program by more than 30 percent is soundly defeated.

In sharp contrast to the Eisenhower area redevelopment veto of last year, Mr. Kennedy has recognized the critical need for effective legislation at this time and has drafted what I consider to be a well-balanced program to stimulate sustained economic growth, so that the people in these distressed areas may share in our Nation's expansion. I urge the House to pass S. 1 and provide these areas with the help they need to help themselves.

Mr. ROBISON. Mr. Chairman, I am keenly aware of the economic distress that currently exists across the Nation and in certain areas of the 37th Congressional District of New York. Humanitarian motives prompt us to do something, and while I do think the Federal Government has a positive duty to help, I cannot convince myself that the House version of S. 1 is the proper medicine.

It would not meet the test of "constructive" Federal-local action because it tries to do too much in too many areas and with far too little money—some of the bill's proponents have accurately referred to the presently authorized amounts as representing only "seed corn"—and it seeks to duplicate, in large measure, already available Federal programs, perhaps near to 50 in number, that now channel millions of dollars of Federal aid of one kind or another to areas of chronic unemployment or those areas that have been hard hit by the current recession. These other existing programs could be retailored and expanded as needed, it would seem, as a better and more logical alternative to having Congress now create what may be an administrative monstrosity that cannot help but become a source of false

hope and eventual bitter disillusionment to the people of the truly depressed areas.

As for the industrial provision of S. 1 and their impact on the economic climate of our State of New York, our problem is not one of the lack of industrial capacity, nor is there really such a lack with respect to the country as a whole. We have sufficient factories and machines—obsolete though some of them may be. What we need are jobs to put our people back to work in those factories and at those machines. Such jobs have been lost for a variety of reasons—archaic depreciation laws that stifle the incentive to modernize, the difficulty of accumulating "risk" capital, and so forth, and, last but not least of course, foreign competition. S. 1 would do nothing in any of these areas unless it be to encourage the existing trend toward substituting area-redevelopment activities for the legitimate and historical methods of protecting domestic industry from import injury.

Moreover, S. 1 would serve to stimulate a wave of industrial relocation, in which the already highly-industrial States like New York could only expect to experience a net loss of industry. I think the antipirating language of the House version of S. 1 is much better than that of any prior such measures, but it still leaves a great deal to be desired if we are, in fact, seeking truly to create new job opportunities and economic growth, and to discourage the raiding of already developed areas.

Incidentally, New York has just greatly expanded its own self-help program to improve our own economic climate by establishing a \$100-million Job Development Authority loan-fund to be used to attract new industry. In combination with the activities of our local development corporations this progressive step could be of great import, but the good that it could do will be severely curtailed by the increasing State-versus-State competition which will result from Federal subsidies, paid for, in large part, by the taxpayers of the industrial States.

Thus, under S. 1, the people that I represent will be called upon to subsidize, through taxes, the departure of some part of their own industrial base leaving them with new and difficult problems of unemployment to solve locally.

The problem of the truly depressed area has many ramifications. There is no single answer. There is no easy solution. One of the basic facets of that problem, as I see it, is to help the unemployed citizens of those areas to acquire the skills needed for gainful employment, including such other assistance as may be appropriate to enable them to relocate to other areas of prime economic activity. The vocational training and retraining features of S. 1 are good, as far as they go, but are only of secondary importance in the bill as written. I would be prepared to support a greatly expanded Federal-State program of this sort since I believe it offers the only really broad solution for providing both an immediate and a long-range cure for the unemployment problem in our depressed areas.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MEADER].

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, unless this bill involves a completely new concept and a new Federal activity such as injecting government into business and into the risk end of business, there is no need for this legislation.

There are existing Federal instrumentalities and programs to provide financial assistance to chronically depressed areas already in existence in every one of the fields covered by this legislation. We have the Small Business Administration with authorized business lending authority of \$575 million, of which nearly \$100 million is uncommitted, the same sum as provided in section 6 of S. 1.

We also have the Small Business Investment Act designed to encourage and support economic undertakings in the small business category.

The Small Business Administration has a total personnel of 2,350, of whom 563 are located in the central office in Washington and 1,787 are distributed among the 56 regional and branch offices throughout the country. It is wasteful, extravagant, and confusing to set up a parallel organization in the Department of Commerce to perform functions which already can be performed by an existing agency.

The Community Facilities Administration in the Housing and Home Finance Agency has a lending authority of \$150 million, of which \$100 million has been available to them since 1955 and \$50 million was added at the end of the last session of Congress. There is adequate authority in this Agency to provide funds for the community facilities purposes set forth in sections 7 and 8 of S. 1. Of the \$150 million as of March 15, 1961, \$35 million was uncommitted.

So far as retraining of unemployed individuals is concerned, we already have a vocational education program through which any necessary re-training can be handled both in the chronically depressed areas and elsewhere.

Therefore, Mr. Chairman, I say if the only purpose of this bill is to provide loans for business enterprises and community facilities on a prudent basis and grants for retraining, there is no need to create a new bureaucracy.

Even if we conceded that criteria and standards of performance were too rigid and we desired to loosen them up and make them less business-like, it would be possible by simple amendments to existing programs related specifically to chronically depressed areas to liberalize authority with respect to such areas in existing agencies.

Even though uncommitted funds presently exist which would seem to indicate that the demand has not exhausted amounts Congress has provided, it would be a simple matter to grant additional authority and appropriate additional funds to existing agencies to meet the needs of chronically depressed areas.

Mr. Chairman, the amounts provided in this bill will not provide many jobs. There is a great deal of uncertainty about the amount of invested capital required to make one job. I suggest that the \$100 million provided for industrial loans, if it were all used for business undertakings in the two chronically depressed areas in my congressional district—Monroe and Adrian, Mich.—would not provide sufficient employment to absorb the 4,000 unemployment compensation claimants in Adrian and Monroe, Mich.

Mr. Chairman, I believe some idea of the effect of capital investment on adding new jobs can be gained from the 1960 annual report of the Ford Motor Co. which shows that an increase of \$53 million in capital expenditures for expansion, modernization, and replacement of facilities—excluding special tools—for 1960 over 1959, was accompanied by an increase in average employment between those 2 years of only 640 positions. I made a computation that this meant an investment of approximately \$83,000 per worker.

Mr. Chairman, it is obvious that this legislation is nothing but a label unless it is a foot in the door to put the Government into the equity end of business enterprises in this country. It is bad legislation and ought to be rejected.

Mr. KILBURN. Mr. Chairman, I yield the balance of our time to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I have long been concerned with the plight of the people of West Virginia and the people in eastern Pennsylvania and other truly and chronically depressed areas. I have been ready and willing to support depressed area legislation that would address itself to helping those critically affected areas. I know what it is to have unemployment in a district. I know what it is to have the impact of foreign imports, as the gentleman from West Virginia [Mr. BAILEY], so ably stated in his remarks about the foreign import impact on the people of West Virginia. We have 500 zinc miners out of work in my district because of the importation of foreign zinc, and they have been out of work for several years, and there is no prospect of putting them back to work unless something is done about the imports of low-cost zinc. But, this bill is not going to cure that. This bill is not going to help the unemployed miners in my district, because they could not qualify under my substitute bill and they could not qualify under the committee bill.

Mr. Chairman, some of the provisions in this bill are fantastic. I am now talking about the rural section of the committee bill. We say in our minority report at page 23, which I call your attention to:

This provision of the bill is fantastic. Under it, in effect, you could have a Federal grant school bill, a Federal grant highway bill, a Federal grant hospital bill, a Federal grant airport bill, a Federal grant park bill, and a host of other Federal grant bills as long as the grants related to needed public facilities within a redevelopment area.

It would really be a foot in the door to establish the principal of the omnibus Federal grant bill.

And under the broad authority granted by the first sentence of section 5(a) there can be no question but that a whole State could be declared a depressed area or redevelopment area as it is termed in the bill.

If such a thing were done, just imagine how these funds would be dissipated so that no truly critically depressed area would receive any real benefit.

If I were from West Virginia or Pennsylvania I believe certainly there would be far more help to my district in the substitute bill proposed by me in the critical area of the retraining of workers. We propose to spend \$10 million instead of \$4.5 million as in the committee bill. It seems to me that that is one area where an unemployed person could find something that he himself would get out of the bill.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I believe the gentleman when he tells the House that he is seriously concerned about the problems of industrial areas like West Virginia and Pennsylvania. But I find it difficult to understand why the gentleman can close his mind to the problems present in the rural or country areas of the Nation. The testimony before the committee with regard to conditions in some of those counties was equally grave, equally serious, and certainly presented just as critical a problem in terms of the populations in those areas and the need for a redevelopment program in those areas. If the gentleman recognizes the need for aggressive redevelopment programs in the industrial areas, and I believe he does, will he tell us why should not this House recognize the needs in rural sections of the country and attempt to do something constructive about those problems?

Mr. WIDNALL. Because I believe that if there are such critically affected areas in the rural sections, there is \$500,000 for a study, in this bill, with a report to be brought back by January 3, 1962, including projects and programs and areas to be assisted. There is nothing in this bill that pins down any area. There was not one word of testimony, by the way, by Secretary Goldberg, Secretary Freeman, and Secretary Hodges, as to how the money would be used and in what areas it would be used. To me right now it looks like a big \$100 million bribe and boondoggle for the rural sections, because nobody knows where it is going to be used.

Mr. EDMONDSON. Mr. Chairman, the gentleman started his remarks by saying "if" there were such counties. Can the gentleman, after reviewing the record made by this committee, which shows some counties with per capita incomes of less than \$750 a year, seriously stand there and say "if" there are counties where you do have a depressed condition? I am amazed that the gentleman would put an "if" before that statement because I think this committee, if it es-

established nothing else, established very clearly the acute need for some kind of action by the Government in the rural sections of the country.

I want to commend the committee for including in this measure provisions which would also make it possible to do something about the depressed condition in the rural areas.

Mr. WIDNALL. Mr. Chairman, I call your attention to the definition in section 5(b) of the committee bill and I would like to have explained to me what this means and who will be affected by it.

The Secretary shall also designate as "re-development areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States."

There has never been any explanation as to where the money would be used and what areas would be helped.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. WIDNALL] has expired.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I yield such time as I may consume, to conclude the debate.

Mr. Chairman, the gentleman from New Jersey [Mr. WIDNALL] I know is very sincere in his advocacy of his substitute bill. I assume it will be offered soon after we start reading the bill which will be not very long from now.

I do not believe that the substitute bill is sufficient at all to do the job that we contemplate will be done under the provisions of the committee bill.

No. 1, the Widnall amendment discriminates against rural areas. That means that in a State where you have industrial areas that are depressed and you have rural areas that are just as much depressed, the Administrator will not be privileged to authorize credit assistance for a plant in the rural area that is just as much depressed because under the Widnall amendment it is excluded. He will be limited to the depressed city areas in that State. Suppose there is a country area depressed nearby the city, and they come to the Administrator and make a good case. The Administrator would have to say, "I am sorry, but Congress said we can help only the cities. We cannot help the country at all."

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. HIESTAND. I am very much interested in the gentleman's remarks. I wonder what if anything the Secretary or the Administrator can do for these distressed rural areas.

Mr. PATMAN. They can have plants of any type or character desired in that community that would be suitable and feasible. There are lots of plants that could be established in these rural areas. I would not get into a discussion of a particular type or commodity or name a product that could be produced. I would not get into that at all. But I know there could be plants established that would be helpful to the rural areas by giving them employment where they are underemployed or unemployed.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I think the gentleman might mention to my good friend from California the possibility of frozen food processing plants, canneries, or feed mills, or various types of enterprises that would help these rural areas to make use of their manpower that is surplus at this time, to give them some supplementary income to enable them to continue to make a living on the farm. I think the gentleman would agree with me that it is a worthy and desirable thing to have prosperity in the rural areas as well as in the urban sections of our country.

Mr. HIESTAND. I am wondering where the personnel to run these plants must come from. It would have to come from outside. How then will they help the unemployment situation in the rural areas?

Mr. PATMAN. Just a few experts would come from the outside. They have workers available locally. They would need expert guidance. Only a few hundred would be needed.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New Jersey.

Mr. WIDNALL. Given the criteria under section 5(a), these towns you have at the present time—

Mr. PATMAN. Which bill is the gentleman talking about?

Mr. WIDNALL. The gentleman's bill.

Mr. PATMAN. I thought the gentleman was going to answer me when I said that his amendment discriminates against the country areas.

Mr. WIDNALL. There is Batavia, Ohio, 1,729; Georgetown, Ohio, 2,674; and West Union, Ohio, 1,762. Are not those rural areas?

Mr. PATMAN. Those cities can be helped. The gentleman should not ask us to discriminate against rural areas. When you vote for the Widnall amendment you are voting to help only the cities. You are saying that by your vote for the Widnall amendment, that you do not want the country areas to be helped regardless of how worthy they are for help and regardless of the number of feasible projects that can be established in rural areas that would remove their unemployment problem and their under-

employment problem. The Administrator could not do anything because he would say, "My hands are tied. Congress tied my hands. We have a city Congress. They want to help only the cities, they do not want to help the country." The Widnall amendment is to help the cities. Therefore, when you vote for the Widnall amendment you are voting against the country areas.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Iowa.

Mr. GROSS. I wonder where it is proposed to get those technical advisers? Will they be obtained from the United Nations or the ICA where they have had a lot of experience developing the undeveloped.

Mr. PATMAN. No; we will not have to give them that. We are furnishing them technical advisers.

Mr. GROSS. I say again, they have had a lot of experience.

Mr. PATMAN. I have had some experience so far as technical advisers are concerned. We established a steel mill in the district I have the privilege and honor to represent, and we only brought a handful of people from Pittsburgh and Birmingham and steel areas like that, and they trained just a few fellows—4,500 good steelworkers. You can do the same thing with any of these other projects.

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. HIESTAND. Just how many rural areas that the gentleman referred to have we in that category? How many would be affected under the present definition?

Mr. PATMAN. I am glad the gentleman mentioned that. You see the rural areas do not have the statistical information that the Labor Department has. The farmers do not have that type of service. But we know, and we have information in the hearings as to the number of counties and as to the number of people who have left the counties and of the distress in those counties. We have an abundance of information, but we do not have it in detail for a town or a city or a county like the Labor Department has for industrial areas. Therefore, the rural areas are under a disadvantage on that. But do not discriminate against them because they are weak on statistics. The actual facts speak for themselves.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The gentleman recalls that when this was before the last Congress we had criteria which qualified approximately 660 counties across the country for participation in the rural development program. Now the criteria which are set up under this bill include the criteria which prevailed in the legislation which was last before this Congress, which this House voted and passed over to the other body in the last Congress.

Mr. HIESTAND. Will the gentleman assure us that the amount designated is sufficient to cover that?

Mr. EDMONDSON. For my own part, I would say to the gentleman, I have a question in my mind as to the sufficiency of the funds to meet the needs of this program both on the urban and the rural end. I am not prepared to say because I do not believe there is enough money in it that we are not even going to take a step forward toward meeting this problem. I am one who says—let us take a step forward and let us make some progress in this direction within the limits of our ability at this time both on the rural front and on the urban front.

Mr. PATMAN. I agree with what the gentleman from Oklahoma has just said. I know that this is not enough money. It is only about 10 percent of what we give to foreign countries for the same purpose. Are we going to deny to our own people 10 percent of what we are giving annually to foreign countries to do the same thing? That is worthy of consideration, too. But even if it is not enough money, we should not vote against the whole program and we should not discriminate against the rural areas.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield further?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The chairman of our committee represents a State which has both urban areas and rural areas which qualify under this bill, and that clearly qualified under the bill last passed by the House. So does the gentleman from Oklahoma have in his district, counties which qualify both from an urban and from a rural standpoint. But, there are some States represented on this floor that do not have any counties that would qualify as urban areas for redevelopment at this time. The only way those States can participate in any way in this program is to have the rural sections of this program go through. If we adopt the Widnall amendment, we knock out any participation by those States in this program. I think, checking back on the criteria in the bill passed by the last Congress, the State of New Jersey has several areas which qualify as urban areas but in the bill passed in the last Congress, it had no rural sections. I do not think the gentleman from New Jersey would want to see a bill passed which benefited his State and excluded other States from participating in the benefits of a good program of this kind. He has indicated he favors the spirit and the principle behind this legislation. I wish he would join with us in seeing every State in the Union that has depressed areas, whether they are rural or urban in nature, participate and go forward under this program.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WIDNALL. I would like to call the gentleman's attention to this fact that under industrial sections, the only

areas that would qualify in our State at the present time are Atlantic City, a resort area, Long Branch, a resort area, and Bridgeton, with its vegetable production, and its migrant labor. This bill does not help my State at all.

Mr. PATMAN. Let me plead with the gentleman to not discriminate against his rural areas in New Jersey. I believe when he thinks this over a little more he will not want to discriminate against his country people and in favor of the city folks and place the Members who are from States that have depressed rural areas but no depressed city areas, in the untenable position of voting for a bill that helps only the cities.

That places us in a very untenable position.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. MULTER. I think the answer to the question raised by the gentleman from New Jersey lies in the testimony of the Secretary of Agriculture when he appeared before the committee. There are no rural areas in my district or my city, but I am for this bill and I am for the provisions that would help the rural areas on the basis of the testimony of the Secretary of Agriculture who says in part, and I quote from the hearings:

If I might summarize, I think we ought to go forward something like this: First of all, we ought to complete the job of summarization, of factfinding, of research and survey. I would expect that the Secretary of Commerce, when this bill becomes law, would ask the Secretary of Agriculture where rural areas are concerned to conduct the surveys, to complete those underway and to certify to him the areas that call for rural redevelopment programs.

When those areas are determined, we would then develop a program for those areas and have it down specifically and in some detail. In both identifying the areas and developing the program, the resources of the area are the key and the guide and they, I think, will lead to what should be done.

I think we should take the suggestion of the Secretary of Agriculture in regard to the need of these rural areas.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. I agree with the gentleman from New York. The fact of the matter is that this bill would bring aid to more than 9 percent of our total work population in New Jersey, of which at the present time 225,000 are unemployed.

We also have depressed rural areas, particularly in the poultry area where they have undergone almost intolerable suffering in recent years.

I think it would be entirely unfair if these rural areas were not in the bill. I think all of us would benefit from having them in, although some of our districts are entirely urban in district complexion.

Mr. PATMAN. I hope that the gentleman from New Jersey in presenting his amendment will change it so as not to discriminate against the country or the

rural areas. They are entitled to relief the same as are the city folks.

Mr. LOSER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Tennessee.

Mr. LOSER. A number of times during the debate on this bill reference has been made to the number of counties, several hundred, that would qualify under the provisions set forth in this measure for aid. I am wondering whether or not the word "qualify" is not being used rather loosely. As a matter of fact, I think the gentleman from Oklahoma [Mr. EDMONDSON] has said that in the State of Tennessee there are 70 counties that would qualify under the provisions of this legislation. My question is: Does not the gentleman mean, or is it not the purpose of the measure, that the Secretary of Commerce shall designate certain counties in the State as rural areas as contrasted with urban areas?

Mr. PATMAN. That is my interpretation, I will say to the gentleman.

Mr. LOSER. And that no county, even though designated as a rural redevelopment area, can obtain any benefits under the provisions of this bill unless they meet the criteria set forth in section 5?

Mr. PATMAN. The gentleman has brought out a good point. Ten times as many will qualify as will receive it, for the obvious reason that the money is insufficient. That is reason No. 1. The administration will be required to pick out the most deserving and the most needy and service them. Just because they are qualified does not mean they will get assistance because the money is not sufficient.

Mr. LOSER. Mr. Chairman, I do not believe the gentleman from Texas has answered my question.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield to me to answer the question?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The only remark I have made with regard to Tennessee was that under the bill which passed the Congress in the last session 70 counties in Tennessee were identified as qualified to participate in the rural section of that bill. I believe the criteria which are in the present bill include the criteria which were present in the last Congress, plus some additional criteria.

Mr. PATMAN. I will have to ask the gentleman to bear with me. My time has almost expired, and I must mention another point. That is about the interest rate.

Under the Widnall amendment the interest rate on public facility loans would be $4\frac{3}{8}$ percent in most cases. Under the bill we have the interest rate will be $3\frac{1}{4}$, which is the average rate for all U.S. Government securities, plus one-fourth of 1 percent. Is that not enough?

Mr. LOSER. I do not think the gentleman has answered the question.

Mr. PATMAN. I cannot do both at the same time, and I prefer to do it this way. Three and a half percent is certainly a high enough rate for tax-

exempt securities. Remember that Federal Government obligations are taxable, but State and local municipal bonds are not taxable. Therefore, this 3½ percent rate is high instead of low.

Under the Widnall amendment the interest rate would be the equivalent of 8.5 percent or more for an investor in the 50 percent tax bracket. So, considering the fact these are tax-exempt securities, 3.5 percent interest rate is a high interest rate. We should not think about raising it. Certainly the Widnall amendment should be voted down.

The CHAIRMAN. All time has expired.

Mr. KILBURN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

One hundred and twenty-two Members are present, a quorum.

Pursuant to the rule, the Clerk will now read the substitute committee amendment as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act".

Mr. WIDNALL. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. WIDNALL: Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Area Redevelopment Act'."

"DECLARATION OF PURPOSE"

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources.

"AREA REDEVELOPMENT ADMINISTRATOR"

"SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the 'Secretary') may assign.

"ADVISORY POLICY BOARD"

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this

Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

"REDEVELOPMENT AREAS"

"SEC. 5. (a) The Secretary shall designate as a 'redevelopment area' any labor market area within the United States with respect to which the chief executive of the State in which such area is located has requested such designation and the Secretary of Labor has found and certified to the Secretary—

"(1) that the rate of unemployment in such area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

"(2) that the annual average rate of unemployment in such area has been at least—

"(A) 50 per centum above the national average for three of the preceding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average for one of the preceding two calendar years.

"(b) The Secretary of Agriculture shall conduct such studies as he may deem necessary to enable him to develop and submit to the Congress, not later than January 3, 1962, a proposed workable program to provide for the participation of rural areas, rural nonfarm areas, and Indian reservations, in which there has existed substantial and persistent unemployment or underemployment for an extended period of time, in the program of financial assistance under this Act. Upon the request of the Secretary of Agriculture, the Secretary of the Interior shall conduct such special studies and compile and furnish to the Secretary of Agriculture such information as the Secretary of Agriculture may deem necessary to enable him to carry out his duties under this subsection. The Secretary of Agriculture shall reimburse the Secretary of the Interior, out of funds appropriated under this subsection, for expenses incurred by the the Secretary of the

Interior under this subsection. There are authorized to be appropriated such sums, not to exceed \$500,000, as may be necessary to carry out the provisions of this subsection.

"(c) The Secretary shall reimburse when appropriate, out of any funds available to the Secretary under this Act, the heads of other departments or agencies for expenses incurred by them under this section in conducting studies or furnishing information requested by the Secretary.

"(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

"LOANS AND PARTICIPATIONS"

"SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section with respect to projects in redevelopment areas shall not exceed \$150,000,000.

"(2) Such assistance shall be extended only to applicants, both private and public, approved for such assistance by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed is or will be located.

"(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

"(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

"(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

"(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

"(7) Subject to section 11(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

"(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 8(d) of this Act plus one-half of 1 per centum per annum to

cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

"(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in exceptional cases, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

"(A) other funds are available in an amount which, together with the assistance hereunder, shall be sufficient to pay such aggregate cost;

"(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

"(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources, in addition to any funds supplied from such sources under subparagraph (B), as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

"(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

"(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"LOANS FOR PUBLIC FACILITIES

"SEC. 7. (a) In order to provide loans for public facilities in redevelopment areas, the first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give equal priority to applications of—

"(1) counties, cities, and other municipalities, and political subdivisions for financing needed public facilities in areas determined to be redevelopment areas under the Area Redevelopment Act, if the Secretary of Commerce certifies there is reasonable

probability that with assistance made available under the Area Redevelopment Act and other undertakings such areas will be able to achieve lasting improvement in their economic development; and

"(2) smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need."

"(b) The first sentence of section 203(a) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time in an amount not exceeding \$150,000,000, notes and other obligations, which limit shall be increased by such amounts, not exceeding \$100,000,000, as may be specified from time to time in appropriation Acts."

"(c) No financial assistance shall be extended under the amendments made by this section with respect to—

"(1) any public facility situated in a redevelopment area which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake; or

"(2) any area if it will assist business establishments in relocating, totally or partially, from one area to another.

"AREA REDEVELOPMENT FUND

"SEC. 8. (a) There is hereby established in the Treasury of the United States an area redevelopment fund (hereinafter referred to as the 'fund'), which shall be available to the Secretary for the purpose of extending financial assistance under section 6 and for the payment of all obligations and expenditures arising therefrom.

"(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$150,000,000.

"(c) Receipts arising from the program of assistance under section 6 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

"(d) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest, on advances made to the fund for use in extending financial assistance under section 6, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under section 6.

"(e) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized

under section 6 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under section 6 of this Act, as determined by the Civil Service Commission.

"(f) In the performance of and with respect to the functions, powers, and duties vested in him by section 6 of this Act, the Secretary shall—

"(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

"(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"INFORMATION

"SEC. 9. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 10. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

"POWERS OF SECRETARY

"SEC. 11. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each de-

partment, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 6 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such serv-

ice shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

"(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachments, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

"(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"SEC. 12. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such areas shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"URBAN RENEWAL

"SEC. 13. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to

any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses; but no such assistance shall be provided in any area if the Administrator determines that it will assist business establishments in relocating, totally or partially, from one area to another.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c).

"URBAN PLANNING GRANTS

"SEC. 14. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

"OCCUPATIONAL TRAINING

"SEC. 15. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

"(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary, shall determine the occupational training or retraining needs of unemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities

and services of such agencies are made fully available to such individuals.

"(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

"(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

"(e) There are hereby authorized to be appropriated for the fiscal year beginning July 1, 1961, such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

"RETRAINING SUBSISTENCE PAYMENTS

"SEC. 16. (a) The Secretary of Labor in consultation with the Secretary may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 15 of this Act. Such payments shall be made for a period not exceeding sixteen weeks, and the amount of any such payment for any week shall not exceed the amount of the average weekly unemployment compensation payment (including allowances for dependents) payable for a week of total unemployment in the State making such payments.

"(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

"(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

"(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules

and regulations as they may deem necessary to carry out the provisions of this section.

"(e) There are hereby authorized to be appropriated for the fiscal year beginning July 1, 1961, such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

"PENALTIES

"SEC. 17. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bonds, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

"SEC. 18. No financial assistance shall be extended by the Secretary under section 6 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"RECORD OF APPLICATIONS

"SEC. 19. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applica-

tions approved for financial assistance under section 6, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"SEC. 20. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

"ANNUAL REPORT

"SEC. 21. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"SEC. 22. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"USE OF OTHER FACILITIES

"SEC. 23. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties

under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

"(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of fifteen such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

"RECORDS AND AUDIT

"SEC. 24. (a) Each recipient of assistance under section 6 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 of this Act.

"LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

"SEC. 25. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

"STUDY BY SECRETARY

"SEC. 26. The Secretary shall make a study of the feasibility of establishing procedures to provide for increased use of military bases, and Government-owned plants and facilities for the manufacture or production of munitions and other supplies for the Government, which are located in areas designated under section 5 of this Act as redevelopment areas and which are not fully utilized, whenever such use is consistent with the national defense, economy in Government operation, and other Government procurement objectives. Upon the completion of such study the Secretary shall submit to the Congress a report of his findings together with such recommendations for legislative and other action as he may deem appropriate.

"APPLICATION OF ACT

"SEC. 27. As used in this Act, the terms 'State', 'States', and 'United States' include the several States, the District of Columbia,

the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Mr. WIDNALL (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Texas.

Mr. PATMAN. This is the bill, I assume, that was offered as a substitute.

Mr. WIDNALL. H.R. 5943.

Mr. PATMAN. H.R. 5943?

Mr. WIDNALL. That is correct.

Mr. Chairman, I have asked to dispense with the further reading of the amendment because this amendment is the committee bill as reported with 15 changes. I would like to underline those changes to the members of the committee so that they will fully understand what is proposed.

These changes, in my opinion, are desirable and necessary if this bill is to provide assistance for the hard-core depressed areas suffering from chronic and persistent unemployment because of loss of their industrial base.

My bill will provide 50 percent more loan assistance for the construction of plants in the truly depressed areas, it will provide more than double the amount of funds allocated for occupational training and retraining, and it will do all of this with a reduction of 30 percent in the overall cost. The cost of my bill to the taxpayer is \$275 million, contrasted with the \$394 million cost of the committee bill. Under my bill, the loan assistance provided would be on a nonsubsidy basis.

Rather than attempt the whole series of 15 amendments to the committee bill, I am of the opinion that it would be preferable procedure to have these changes incorporated in one new bill which I intend to offer as a substitute to the committee bill when it is before the House.

Following is a brief summary of the differences between the bill I have introduced and the bill that was reported by the House Banking and Currency Committee:

First. Designation of industrial redevelopment areas—section 5(a):

(a) The broad authority to designate redevelopment areas contained in the first sentence of section 5(a) is eliminated. Under it, in the bill as reported, a whole State could be declared a redevelopment area. The truly depressed areas should not have to share benefits intended for them on any such broad basis as that. This is a basic policy decision.

(b) The term "labor market area" is used in place of "area." Department of Labor statistics on unemployment are tabulated on the basis of "labor market areas." Thus there will be correlation between the areas designated and the

areas for which unemployment information is available.

(c) Areas within a State can only be designated as redevelopment areas after the chief executive of the State has requested that the designation be made. This preserves States rights in the making of such designations.

(d) The criteria under which it is mandatory that areas be designated as redevelopment areas—upon proper request—are made the minimum conditions that must exist for any labor market area to be declared a redevelopment area. This will tend to assure that the assistance provided in the bill will be available for the hardcore depressed areas which are the ones in greatest need.

Second. Rural areas—section 5(b):

(a) The loose and meaningless criteria for designation of rural development areas are eliminated. Under the committee bill, only two counties or as many as half of the counties in the United States could be declared to be redevelopment area. In addition, the hearing makes abundantly clear no one has the faintest idea of how this program would work.

But we would like to know the nature of the assistance, where it is to go, what the areas are. And nobody has given any intelligent explanation of that up to now, including all the committee witnesses.

(b) The sensible way to proceed with this part of the program is to require the Secretary of Agriculture to come up with a study that makes sense as to what could be done in rural areas, and Indian reservations. Accordingly, provision is made for such a study with a report to Congress not later than January 3, 1962. Appropriations of up to \$500,000 are authorized for such study. The Secretary of Agriculture is specifically authorized to receive assistance from the Secretary of Interior in making the study.

Third. Plant loan funds for industrial redevelopment areas—section 6(b):

(a) In my bill, a 50-percent increase is provided in the loan funds available for the hard-core industrial depressed areas since that program can proceed on a sensible basis.

(b) Since it is the apparent intention of the committee bill that there be at least 15 percent State and local equity participation in plant loans, section 6(b) (9) (C) is amended to close a loophole under which, in certain cases, only a 10 percent participation would be required.

Fourth. Loans for public facilities—section 7:

(a) In place of establishing a new, duplicating public facility loan program on a subsidized basis, provision in my bill is made for expanding by \$100 million the existing public facility loan program in the Housing Agency with provision for a priority for counties, cities, and other municipalities and political subdivisions in redevelopment areas. Such a program is on a nonsubsidized lending basis.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. WIDNALL] has expired.

Mr. HIESTAND. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. PATMAN. Mr. Chairman, reserving the right to object—and I shall not object—I should like to get some understanding about time on this amendment, if we can. We have only one Member who is going to answer the gentleman from New Jersey [Mr. WIDNALL]. If the gentleman wants to dispose of this in a reasonable length of time, I am willing that he be granted as much time as he desires now, with the understanding that the Member on our side will have the same amount of time, and then debate will be closed.

The CHAIRMAN. Is the gentleman proposing a time limitation?

Mr. PATMAN. I would like to know if there would be any objection to such an arrangement. If there is any objection, I shall not press it. I do not object to the unanimous consent request that the gentleman proceed for an additional 5 minutes at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. HIESTAND]?

There was no objection.

Mr. WIDNALL. Mr. Chairman, (b) protection is afforded against such loan funds being utilized in a manner to induce pirating of industry from other areas to redevelopment areas.

Fifth. Grants for public facilities:

(a) This PWA type program—section 8 of the reported bill—is completely eliminated from my bill on basic policy considerations as follows: First, it is a foot-in-the-door start of omnibus Federal grant-in-aid legislation; second, the eligibility criteria are virtually unlimited; and, third, it could be used to foster unsound projects in that it would apply to a project for which there would be "little probability that such project can be undertaken without the assistance of a grant under this section."

Sixth. Termination of eligibility for further assistance—section 12:

(a) Although no change is made in this section, nevertheless for the first time it would acquire real meaning because of the deletion of the broad area designation authority contained in the first sentence of section 5(a) of the bill as reported. Eligibility of an area is terminated when it no longer meets requirements for designation as a redevelopment area.

Seventh. Urban renewal—section 13:

(a) A provision is added in my bill protecting against plant-pirating in the use of this program in redevelopment areas. Somewhat similar protection was included in the bill S. 722 which was sent to the President by the last Congress.

Eighth. Occupational training—section 15:

(a) Since this is the only help some of the unemployed in depressed areas

will get out of this bill, the amount provided for occupational training in my bill has been more than doubled—increased from \$4.5 million to \$10 million.

(b) The authorized appropriation is placed on a 1-year basis to force the coordination within that time of this new program with the existing vocational training programs of the Department of Health, Education, and Welfare.

Ninth. Retraining subsistence payments—section 16:

(a) The amount is the same as the reported bill.

(b) The authorized appropriation is placed on a 1-year basis to afford the Ways and Means Committee an opportunity to coordinate and possibly consolidate this program with the basic unemployment compensation program.

So the essential differences are these:

In plant loans there is \$50 million more in my bill.

As against \$100 million in the rural development section in the committee bill, there is \$500,000 in my bill for a study.

The public facility loans of \$100 million on a subsidized-loan basis in a new agency have been eliminated, but the same \$100 million is now authorized in the existing community facility program, with priority to the redevelopment areas.

Public facility grants of \$75 million in the committee bill have been eliminated.

Technical assistance and subsistence payments remain the same, at \$4,500,000.

Occupational training has been increased in my bill from \$4.5 million, to \$10 million.

May I call to the attention of the Members that there are many, many small areas that qualify today under both bills for the industrial loan assistance.

Page 18 of the committee report lists 83 smaller areas of substantial and persistent labor surplus which qualify for assistance under this bill. These areas each contain a work force of 15,000 or more and take their names from the principal community or communities in the area. The following tabulation shows the 1960 population of the "name-communities" of several of these smaller areas:

STATE AND AREA, 1960 POPULATION, U.S. CENSUS

Alabama: Jasper, 10,799.
Kentucky: Morehead, 4,170; Grayson, 1,692; Paintsville, 4,025; Prestonburg, 3,103.
Missouri: Washington, 7,961.
New Jersey: Ocean City, 7,618; Wildwood, 4,690; Cape May, 4,477.
Ohio: Batavia, 1,729; Georgetown, 2,674; West Union, 1,762.
Pennsylvania: Kittanning, 6,793; Ford City, 5,440; St. Marys, 8,065; Sayre, 7,917; Athens, 4,515; Towanda, 4,293.
Tennessee: LaFollette, 6,204; Jellico, 2,210; Tazewell, 1,264.
Virginia: Big Stone Gap, 4,688; Appalachia, 2,456.
Washington: Anacortis, 8,414.

West Virginia: Logan, 4,185; New Martinsville, 5,607; Oak Hill, 4,711; Montgomery, 3,000; Point Pleasant, 5,785; Gallipolis (under 1,000); Roncverte, 1,882; White Sulphur Springs, 2,676; Welch, 5,313.

It is very apparent from these population figures that the Department of

Labor tabulations on employment conditions already cover even very small communities. The argument that flexible area designation authority is needed so that small communities will not be excluded as depressed areas, just does not square with the facts. What should concern this Congress is that under the broad area designation authority contained in the first sentence of section 5(a), whole States could be declared depressed areas. In that first sentence the word "area" means only what the administrator might decide it means. Obviously, the pockets of chronic unemployment—the truly depressed areas—just would not have a chance as whole States moved in to take most of the assistance intended for the local areas of chronic and persistent unemployment. This is a basic policy issue which in my opinion should be resolved in favor of the truly depressed areas. To do otherwise would make this bill a fraud on the local areas of greatest need.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, I rise in opposition to the Widnall amendment.

(By unanimous consent (at the request of Mr. PATMAN), Mr. RAINS was given permission to proceed for 5 additional minutes.)

Mr. RAINS. Mr. Chairman, I assume this is the meat of the coconut on this bill. Since it covers about every category in it, with the 15 changes in the committee bill which the gentleman from New Jersey [Mr. WIDNALL] proposes, I would assume that the main vote would come on this particular substitute.

I was pleased to hear even stout opponents of this legislation say yesterday in the debate on the rule that this was a better bill than we have had before the Congress heretofore. That is a true statement. This bill is better than any other bill that has come out of the Committee on Banking and Currency on this particular subject. It is not a perfect bill. I have been here long enough, as you have, to know that no committee can write a perfect bill. It is not a bill on which you cannot find some criticism, because you can. You can do that on any bill. But from a legislative standpoint, this is a good approach to a tough and difficult problem.

Mr. Chairman, I shall confine my remarks strictly to the Widnall amendment.

The Widnall amendment seeks to butcher the bill completely, as the committee brought it out. It seems to take away from the bill its reasons for support from all elements, or call it what you will, so that the bill will get beat. That is how plain and simple the Widnall amendment is and that is how plain and simple the principle of the Widnall amendment is. When you say you want to take away from all the counties and the small cities and towns in America represented by all these Members here and confine it only to 50 urban areas, anybody here knows that that would beat this bill, if you adopted the amendment. That is clear and that is the intent and purpose. The purpose is not to make

the bill better, because it does not make it better. It takes away from it the very thing that will help us to make a step forward in rural and urban development. I want to say this before I move into some specifics. I am the last one here who believes that this will solve the problem. I know that this small amount of money is not going to solve the problem. I also know though that it will be a step forward and a step in the direction which we ought to go, based on what I think is a fair formula and on what I believe the majority of the committee felt was a fair formula. There are two divisions to the bill. The first, refers to the mandatory section. The mandatory section of the bill refers to cities which have had long unemployment. There is a list of them in the committee report. To these areas under this bill, the Secretary of Commerce must give aid and assistance. He has no difficulty in arriving at that because the Secretary of Labor keeps statistics on employment in all cities and towns in America above 15,000 in population. But for those cities and towns of 15,000 and under, we found there were no statistics in the Bureau of Labor Statistics and, therefore, we had to write criteria into the bill, if we were to include the unemployed and the underemployed in those areas in the sections of this country where we do not have cities above 15,000 with an established record in the Bureau of Labor Statistics in the Department of Labor. People have asked me what this bill will do.

I yield to my good friend, the gentleman from Florida [Mr. SIKES].

Mr. SIKES. The distinguished gentleman is giving a very important statement, and many of us here who recognize there is definitely a need for a bill designed as the bill is designed want to be certain that this bill reaches into every area and is not confined just to the major cities. We want to be certain that it will reach the small rural areas where there is just as much depression percentagewise as there is in any major city. Now will my distinguished friend tell us definitely, so that we may know exactly what this bill does for the rural areas how a small county or a rural county may qualify under this bill?

Mr. RAINS. I will say to the gentleman, he never made a truer statement than the one he just made when he said that there is just as much depression on the farms of America as there is in anybody's city. I hope my colleagues will listen to these figures and then I will get to the details.

In 1959, 35 percent of the farm families in America made less than \$2,000 a year; 35 percent of the farm families had less than that income in this country.

As the farmers have increased their production they have lost their own jobs. They are the only people in America who have done such a job that they have run themselves out of business. The result is they are unemployed or underemployed, really, by the hundreds of thousands on farms in the rural areas of America.

This is how it will help: First, the committee bill will provide Government

loans on very liberal terms to create new job opportunities in areas now predominantly rural. These loans for industrial building will provide the seed capital and the enabling leadership in these areas to intensify their industrial redevelopment programs of their own local organizations. I predict that chambers of commerce which now generally oppose this bill will be the agencies through which a great many of these small industries will be located in these small towns, or else a development organization of some type will do the job.

Second, there are loans and grants for public facilities. I do not want to say to you, Mr. Chairman, that I think this is a public facilities bill, because a little later on in this session I expect to bring before this Congress a bill that I hope will carry a substantial amount for community facilities. But that is not for the towns that we are talking about now. We are talking here about towns in the rural areas that might need another \$15,000 that cannot float bonds at a reasonable rate of interest to build a little water system or a little water plant or some type of community facility which they need just as much as some big city might need a \$100 million community facility. To base it on any unsound or inadequate financing would be about like throwing money down a rathole. The criteria have been broadened so that the Secretary of Commerce—and, of course, he will work with the Secretary of Agriculture—can identify any rural area that has a substantial amount of unemployment or underemployment and can establish that area as eligible to receive the aid and assistance under this section of the bill.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. What type of community would be eligible for community facilities which are not now already eligible and receiving loans for these specific purposes the gentleman has mentioned?

Mr. RAINS. I will be glad to answer the gentleman. First of all, there is not enough money in the present community facilities program to do what should be done. I can think of one program in my district, a place that needs a water system, that cannot float any kind of bonds and cannot qualify under the community facilities program at present and could not meet the payments possibly under that, but which would be helped by the provision in the pending bill which would spread the payments over a longer time and at a lower rate of interest than in the regular community facilities program.

Mr. JONES of Missouri. But is not the community facilities program working very well? I know there are cases in my own district where they have not been able to be served.

Mr. RAINS. The program has barely scratched the surface. The community facilities program should be extended, but the towns we are talking about here need special help.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(On request of Mr. SIKES, and by unanimous consent, Mr. RAINS was allowed to proceed for 5 additional minutes.)

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Florida.

Mr. SIKES. The gentleman has given us some very helpful information. Would the gentleman take another minute or two and tell us how a small rural county or community, a specific county or community, can qualify under this bill?

Mr. RAINS. That is difficult because I have to imagine myself in the place of the Secretary. No legislation can spell out the exact details but the qualification is that the Administrator must find a substantial amount of unemployment or underemployment, and that it has existed for a considerable length of time. He must find it in those areas that do not have reports from the Labor Department, and those are areas under 15,000. It places in the Administrator a great deal of leeway, and necessarily so, because of lack of records as to how he can establish and find an area that would be eligible.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Texas.

Mr. PATMAN. On page 19 of the report there are listed the seven criteria that are suggested as to designation of the most critical areas. The question is answered on page 19.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. How is the determination to be made? Will someone give us a specific example of what is actually anticipated to be done? That is the question I have. Once you determine that a rural area is eligible, are you going to make it a better farm area, or change it from a farm area to an industrial area? That is the question I would like to have answered.

Mr. RAINS. In a great many farm areas there are not farm jobs to be had. The people are moving to the cities. Under this bill they would retain a number of the farm workers under the vocational education program for other jobs instead of sending them to the big cities of America and let them take poor jobs or stand in the breadline because they lack any job training at all. I think that is one of the important things. What they would do is try to find other jobs and retrain them for other jobs if there were not farm jobs available.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. In connection with this communities facilities program, that has been in existence for some time, there is an authorization of \$100,-

000 in my substitute bill for that purpose. The gentleman states he expects to raise some more funds in the housing bill, but that will not be considered before July or August. This would provide aid in an area where assistance is needed.

Mr. RAINS. Before the day is over I expect to introduce the administration housing bill, and I hope to be able to say we will not have to wait until July or August before we get one passed. I do not think the amount of money in the administration housing bill is sufficient for community facilities. But we are talking about a depressed area here that needs public facility loans. We expect in connection with the housing bill to take up the regular community facilities program.

Mr. FORRESTER. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Georgia.

Mr. FORRESTER. I would like to ask the gentleman this question: Suppose there is some little town or locality that wishes to obtain a loan, they could create a bonded indebtedness and get the money they needed for the project. Would they be eligible to obtain a loan under this legislation or would they be forced to issue bonds and obtain the money in that way?

Mr. RAINS. I do not quite understand the gentleman's question, but I can assure him there is nothing in this bill that would force a city that qualifies under this criteria to vote its own bonds in order to get a community facilities loan.

Mr. FORRESTER. Here is what I mean: Suppose there is one of these depressed communities, but they can under their constitution vote bonds for an amount which will be sufficient to obtain their facilities. Since they are able to obtain money by that avenue, would they be prohibited from borrowing money from the Government under this legislation?

Mr. RAINS. Only if they can raise the money on more reasonable terms elsewhere.

Mr. KITCHIN. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from North Carolina.

Mr. KITCHIN. Under the public facilities portion of the bill, will the gentleman tell me, is there any delineation as to what constitutes a public facility? Can they build sidewalks, or even schools?

Mr. RAINS. The bill indicates the criteria which must be met to qualify. Schoolhouses are left out.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. HIESTAND. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, just as the very eloquent gentleman from Alabama has discussed the proposed substitute, I shall take a few minutes to discuss the alternative, the bill that was originally introduced.

Mr. Chairman, I suggest that the committee bill itself is one of potentially

the greatest boondoggles this House has had a chance to pass upon. Here we have only 3 hours of debate. True, there have been a lot of hearings on it, but in a limited 3 hours we are going to pass, if we do, a measure that can remain on the books anywhere from 50 to 500 years and create a public works program that can be far above anything that any of us have considered up to this time.

I suggest, Mr. Chairman, secondarily, that this bill has the weakness of a whole lot of other pieces of legislation that we have considered. It would endeavor to doctor the symptoms of the disease rather than to attack the causes and correct them. In the committee report there was a slight touch of discussion on causes but nothing toward correcting them. In the hearings I can find only a brief listing but nothing to correct them. Among these basic fundamental causes completely ignored by the committee are first, exhaustion of natural resources; second, changing markets; third, changing demand for goods; fourth, changes in transportation; fifth, labor problems; sixth, taxation problems; seventh, financing problems in particular communities; eighth, competition with imports (a major cause); ninth, automation; and, tenth, closing military bases.

Generally speaking, Mr. Chairman, chambers of commerce are noted for promoting business for their communities. Therefore, a wire from the California Chamber of Commerce might be of interest at this point. They object to this bill because, first, consumer demand, which is down, and available plant space, which is excessive in many industries, is what creates new job opportunities; second, measure treats symptoms rather than causes of unemployment; and third, it is not proper for the Federal Government, through the use of tax funds, to compel the citizens who are giving substantial private financial support to their own local community industrial development programs, to also underwrite the industrial development of competing communities in other parts of the country.

Mr. Chairman, my third point is that this bill, if enacted, simply would not work. We set in the bill some \$394 million, and it is variously estimated to take \$10 to \$15 billion to do the job that is outlined in the bill, and the proponents freely admit the authorized funds are vastly insufficient. Now, we all know that starting a new business is a tough job; it will take several years to put it on its feet, and then it will be on the dole and it will have to be kept there. The mere establishing of a new industry in a depressed area does not of itself guarantee success to that industry or to that community. Matters of demand, supply, management, additional financing are requisites for success. Furthermore, the moving of an existing industry into a new community obviously requires it moving out of other areas, despite the antipiracy clause. Thousands of communities have literally lifted themselves out of local depressions by their own initiative. That is the American way. Bonds for community development and community

facilities have always sold well and are still selling well.

Mr. Chairman, I direct the attention of the House to section 5(b) again, which would establish a rural section in this relief bill, without definition. It is entirely in the hands of the Secretary. This could be a gigantic political boondoggle. The hearings indicated that it would be very difficult to determine who is eligible and who is not, and to apportion the money.

May I suggest, Mr. Chairman, that this is a vote-getting gadget only. Many Members in the House may have felt that they had to vote for this bill because there was some unemployment in their own territory. May I suggest that this bill does not guarantee that it will go into any one area. There are 10 times as many areas as there is money to take care of them in this bill.

This is a bad bill. It would be ineffectual except to promote a colossal political bureaucracy, further build big government. It should be defeated.

The CHAIRMAN. The time of the gentleman from California [Mr. HIESTAND] has expired.

Mr. PERKINS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I wonder if we can come to an agreement on limiting debate on this amendment and all amendments thereto. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes, after the gentleman from Kentucky [Mr. PERKINS] has used his time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HOFFMAN of Michigan. Mr. Chairman, reserving the right to object, before we finish, I wonder if the gentleman could help me get 5 minutes; that is all I want.

Mr. PATMAN. The gentleman will have plenty of opportunity, I am sure. I am not in a position to answer that question just now.

Mr. HOFFMAN of Michigan. I just asked for the gentleman's help; I did not ask for a guarantee.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas that all debate on the pending amendment and all amendments thereto close in 25 minutes, after the gentleman from Kentucky [Mr. PERKINS] has concluded?

There was no objection.

Mr. PERKINS. Mr. Chairman, I rise in support of the committee amendment and against the amendment offered by the gentleman from New Jersey [Mr. WIDNALL], because I believe the amendment offered by the gentleman from New Jersey will discriminate against the areas that have had chronic unemployment for many years. I believe that areas like eastern Pennsylvania, West Virginia, eastern Kentucky, and hundreds of mining communities that need assistance the worst will be completely

eliminated under the amendment offered by the gentleman from New Jersey. And I will tell you why I make that observation.

Down in the district that I am privileged to represent in eastern Kentucky we have about 120,000 nonagricultural workers, and out of this number we have about 45,000 unemployed. This means that for every three men working in the region, more than one person is unemployed. Now I have in mind one of the small coal-producing counties where we have every rail mine in the county closed down. The communities are very small. The income of three out of every four families in this county is less than \$2,000. There are 2,000 families in this particular county with an income of \$700. But for the welfare programs, veterans' pensions, and liberalization of our social security law, many of these communities would have less purchasing power than they had during the depression in the thirties. The amendment of the gentleman from New Jersey would delete the \$100 million figure in the committee bill for rural areas. This particular county that I have reference to, in my judgment, under the Widnall substitute, would be classified as a rural community and therefore be excluded from consideration. It would only provide assistance in the larger cities. I personally believe that his amendment is discriminatory against some of the most needy areas in the whole country.

The same would hold true for dozens of communities, mining communities in eastern Kentucky that would be classified as rural. They would be classified as rural and you would delete from the committee bill the \$100 million put in there for rural purposes and the \$75 million in grants. The grant provision is badly needed in these communities where we have a dilapidated tax base.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield.

Mr. WIDNALL. What assurance has the gentleman that these communities he is describing would receive assistance under the committee bill? We were unable to obtain any information as to who would be helped, the type of projects, how anybody would receive one job. This is the purpose of the \$500,000 for the study I have in my bill.

Mr. PERKINS. Yes; the gentleman provides for another study, but he deletes all the funds for the rural counties. The committee bill defines in no uncertain terms, which the gentleman's amendment does not, the rural counties that can qualify, and it sets out the criteria. There are 40 counties in Kentucky alone that would receive no assistance and would be excluded under this amendment.

Mr. WIDNALL. The gentleman has not answered my question. What assurance does the gentleman have that these counties would qualify?

Mr. PERKINS. I have no assurance other than studying the gentleman's amendment and the committee bill, and the criteria on which the committee bill qualifies these counties.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The gentleman certainly has two assurances about this bill. In the first place, he knows that the Secretary of Commerce has testified he is willing to do all in his power to make it work for the rural areas as well as the urban areas. In the second place, he knows with absolute assurance that there is nothing for the rural areas in the Widnall substitute. The only chance for the rural areas is under the committee bill. The gentleman from Kentucky who has been one of the most effective champions of area redevelopment in the Congress is to be commended on his fine statement today.

Mr. PERKINS. I thank the gentleman from Oklahoma.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from New York.

Mr. MULTER. There is the further assurance of the Secretary of Agriculture in the testimony that they will have the help of his administration to work this out.

Mr. PERKINS. I am interested in the grant provision of the Committee bill which has been knocked out of the gentleman's substitute. In eastern Kentucky and West Virginia there are dozens of mining communities that cannot even maintain their city governments today. The rail mines have collapsed, more unemployment in the coal fields than ever. We must have assistance and we must have it at the Federal level in the way of grants when they do not have the means to borrow money.

The proposal of the administration in the committee bill provides \$75 million in grants to help these communities build plants and public facilities needed to service them such as water and sewer systems and roads. Where the community does not have the credit to borrow ample funds for these improvements, the Government certainly should provide grants.

I am hopeful that the committee bill will prevail and the Widnall amendment will be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Chairman, if there is anyone here who has any doubt at all in his mind about the need of the farming communities for this program and about the support of the organizations that speak for the farmers of America, I would appreciate your attention for just a minute.

In the committee hearings you will find at page 148 a strong statement by the head of the Rural Electric Cooperative Association for the country expressing the strong support of the rural electric cooperatives for this committee measure with the rural areas in it.

At page 177 you will find a strong statement by a spokesman for the National Farmers Union in which he expresses the strong support of the Farmers Union for this legislation with the rural areas in it.

At page 603 you will find another strong statement, one of the best made

before the committee, by the assistant legislative counsel for the Grange, in which the Grange points out that there are approximately a million farm families in America with an annual income of less than \$1,000 to subsist the entire family. The Grange is strongly in favor of this legislation with the farm areas in it.

Finally, at page 1 of the hearings you will find a letter from our Chief Executive, the President of the United States, in which he points out the need for this program and says that we need it both for rural and urban areas. He then tells the Congress of the United States:

I believe it is essential that we enact this legislation at the earliest possible date. It will constitute a major effort to revive and redevelop communities which have too long been handicapped.

Let us adopt the committee bill.

Let us give the President the tools to do the job.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, perhaps, I can help out on the rural part of this program about which there has been so much question. If I may have the attention of the gentleman from Texas [Mr. PATMAN], I understand from reading the hearings, it is entirely possible under this bill, with respect to the rural provision, to spend money for the establishment of shooting preserves, fishing ponds, recreational facilities, and so on and so forth; am I correct?

Mr. PATMAN. You are incorrect.

Mr. GROSS. Well, now, just a minute. This is my time you are laughing on. On page 63 of the hearings, Mr. REUSS of Wisconsin says:

And am I on the right track in suggesting that the possibilities under the proposed act include game farms, places where city people, for a fee, could go to hunt; fishing facilities such as trout or bass ponds where city people could get some sport fishing for a fee; campsites and resorts?

And so on.

And Secretary Freeman said:

All of that, I think, would be potentially possible.

Mr. PATMAN. Mr. Chairman, will the gentleman from Iowa yield to the gentleman from Wisconsin [Mr. REUSS] to answer the question.

Mr. GROSS. I am happy to yield to the gentleman.

Mr. REUSS. That question was asked and the answer was as you described it. However, all of these things are possibilities—

Mr. GROSS. Just a minute. You have answered the question.

Mr. REUSS. Will the gentleman let me finish?

Mr. GROSS. I have only 2 minutes and I have not had a minute up to now on this bill.

Mr. REUSS. If you do not want to hear the answer, you do not have to.

Mr. GROSS. You gave the answer—it is here in the record. I wanted to be sure the authority is still in the bill. Now, I suppose, it is entirely possible to build dance pavilions for square dancing and bowling alleys for farmers

or city people who want to go out and bowl in the country and other things of that nature; is that correct?

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I repeat what was said a few moments ago by the distinguished gentleman from Alabama [Mr. RAINS]. The adoption of this amendment, the Widnall substitute, guts the bill. Those who want to meet the issue as to whether we do or do not do anything for these depressed areas ought to meet that issue forthrightly and not by gutting the bill by means of this substitute amendment. The substitute amendment will not do the job that needs to be done and which needs to be done badly. Time is running out and it is running out fast. The thing for us to do is to vote down the Widnall amendment and to adopt the bill, as it was brought to us by the committee, and then go to work and get this job done that needs doing so badly both for the depressed areas in the urban communities as well as in the rural communities. We have not put into this bill a provision for rural communities in order to get the farm vote. It was put in because the Secretary of Agriculture and our colleagues, representatives from the farm areas, have come in and told us they need this kind of bill as much as the cities need it. We want this bill, Mr. Chairman, for the United States of America and not for any particular section of the country. I urge my colleagues to vote down the Widnall substitute and then approve the committee amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, we are debating the amendment offered by the gentleman from New Jersey. It is quite obvious, however, and I am sure the gentlemen on the majority side will agree that the skids are greased. You are convincingly going to defeat this amendment and in accordance with the dictates of the administration, you are going to jam this bill through the House. However, let me point out a few things for the benefit of those of you who are going to make this mistake. Incidentally, I sympathize with you, realizing that intense pressure from the executive branch of Government forces many to vote against their own personal convictions.

First of all, honesty dictates that you withdraw your phony charges that the Widnall amendment is gutting the bill. Please look at the facts and figures for once. Here is what the facts are. Under the Widnall amendment, we are providing an extra \$50 million to industrial plant loans. Furthermore, we are adding more than 100 percent to the occupational training fund, which is really the program you need in the depressed areas.

Furthermore, I would like to make a prediction for the benefit of those of you who are sitting there whipped into line.

I would like to predict that within a year you will admit your error in having voted for this bill for this basic reason, that it is an administrative monstrosity. Your own Secretary of Agriculture, your own Secretary of Commerce, or whoever else is saddled with the responsibility of administration will find that he cannot possibly administer this program.

But what is even more important, you are destroying any confidence that the people in the depressed areas may have in this type of legislation. You are going to have so many people hanging onto the coat-tails of this \$394 million that you will not be able to do a thing for them. It is an absolute impossibility, and your own solution a year from now will be to request billions of dollars to perpetuate this completely inconsistent bill. Mr. Chairman, Members, please accept the Widnall amendment. It has some merit. Your administration bill is a fraud perpetuated at the expense of the American taxpayers, and, as I have indicated, citizens in depressed areas who are deluded by your false statements. I would like to say one last word in conclusion. Referring specifically to the rural area section of this bill you will probably wind up by training Mexican migrant workers for use in industrial operations. There is nothing in the bill to prevent this development. The language is so vague as to make it a blank check for the executive branch of Government to run wild with this appropriation.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, in the minute or two allotted to me I would like to call attention to the growing tendency to impose upon this House this legislative farce that we are witnessing here on most of the major bills that have been presented. If we continue to practice "legislative piracy" you might just as well abolish the standing committees. A committee hears witnesses, takes maybe months or weeks considering legislation, then writes a bill and brings it to the floor. Overnight there is a combination set up and we have this legislative farce that destroys the work of the standing committees. You might just as well abolish them. The Widnall substitute would kill this legislation, not improve it.

I expect it to be the business of this House to carry out the recommendations of the committee.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. ALGER].

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, this bill, the substitute bill, and the committee bill, are not workable for the simple reason that they are unconstitutional. But it seems we are getting used to doing

things unconstitutionally. It seems to me many times what we are doing is violating not just the language of the Constitution but the wisdom of those who believed in the private enterprise system.

Read the language on page 44 of the committee and the substitute bill, if you will. There is the same specified intent starting in line 18. This spells out complete Federal planning, regimentation, and control of industry. No bill will work that seeks to do these things, not the substitute bill, and least of all the committee bill.

Furthermore, on top of page 45 we find:

And that under the provisions of this act new development opportunities should be created by developing and expanding new and existing facilities and resources.

Here we are spending the tax dollars and providing less employment. Money must be provided to run this program. You are taking it away from taxpayers under the guise of relieving unemployment. Actually you are adding to the cost burdens of industry that will result in more unemployment. I think we should be against both bills for the harm they do to the private enterprise system. Instead of taxing the people more we should tax them less.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. ROOSEVELT].

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. ROOSEVELT. Mr. Chairman, I am strongly in favor of this bill. The program recognizes the need of attacking unemployment in all sections of our country. It perhaps for the first time, attacks the need for retraining many workers due to economic changes, including automation, on the farm and in the city. It should be noted that the bill is only a first step. The responsibility for good administration is large. If successful it should serve as a guidepost for revival of many hard-hit areas and provide a way to prevent such steep valleys of depression sometimes even in a period of general prosperity, as now dot our national map. The success of this program can, and we must hope will be, an example of a successful remedy of the ills of a free country within the legitimate powers of freedom, and with due regard to the immense value of each citizen.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Chairman, I rise in opposition to the substitute. First, I think the House should understand that even though we have had no support for the committee bill from this side of the aisle there are a lot of us over here who are going to vote against the substitute and for the committee bill on final passage. Secondly, since 1954 we have been considering

area redevelopment legislation, and many of us have listened over and over again to compromise and substitute bills. In my opinion these compromises and substitutes have been offered not only to delay consideration but to likewise kill area redevelopment legislation.

I recall the pocket veto of a bill some few years ago and the veto of last year, and frankly I apologized to the many unemployed residents of my district for the vetoes, and especially the one of last year.

Mr. Chairman, I am in the well of this House today asking support for the committee bill, because I feel the bill is a step in the right direction toward solving the nasty economic problem of these areas of chronic unemployment.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I would like to join the gentleman in his statement. I am getting sick and tired of compromises. Let us stand for the committee bill and see what it will do.

Mr. VAN ZANDT. May I say in conclusion that the Congress since beginning has taken good care of the problems of certain segments of our population. This is proven by the billions of dollars spent on the farmer's problem, for relief from disasters, airport needs, flood control, and so forth. Today we have areas of depressions in our midst with thousands of good Americans unemployed. And through the committee bill Congress has an opportunity to extend a helping hand in our efforts to alleviate these distressing conditions.

Mr. Chairman, as my colleague the gentleman from Pennsylvania [Mr. SAYLOR] stated a moment ago, "let us stand for the committee bill and see what it will do."

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

(By unanimous consent, the time of Mr. MONTOKA was given to Mr. COOLEY.)

Mr. COOLEY. Mr. Chairman, I speak to you not as Chairman of the House Committee on Agriculture. I speak to you only as a humble Member of this House, trying as best I can to represent a great congressional district.

I am intensely interested in the welfare of our farmers and I am likewise intensely interested in the welfare of all of the people of my district, State, and Nation. The pending substitute is an insult to those who live in the rural areas of our great Nation. The author of the substitute offers only a token to those who live and labor on the farms of the Nation. Under the substitute, all of the relief, aid, and assistance will go to those who live in the great cities of our country. The substitute provides only a meager half million dollars for the purpose of conducting a study in the rural areas of the Nation.

Can we be unmindful of the fact that hundreds of thousands, even millions of persons who have lived and labored on the farms of the Nation have been driven off the land and into the cities to look

for jobs which are not there available to them. A lot of the unemployment in these distressed areas has resulted from the great exodus from the farms of those who could no longer survive even by laboring in the flourishing fields of our country.

The substitutes provides no hope for the people who remain on the farms and who are underemployed. It is difficult for me to understand how anyone interested in the welfare and future of our citizens who live in rural America could possibly vote for the substitute now under consideration.

In the committee bill there is at least some hope for those who have faithfully tilled our soil and have produced the great abundance which has blessed our Nation. The money provided by the proposals now under consideration is only "a drop in the bucket." We are told that we are "sowing seed." I am willing to accept this suggestion and to believe that we are sowing seed from which we may hereafter reap a rich harvest. If this is true, our efforts here today will not be in vain.

I am against the substitute and I urge all of my colleagues to vote against the substitute. I shall vote for the committee bill and I urge all of my colleagues to vote for the committee bill.

This is the first opportunity I have had to publicly congratulate and to commend the great President of our great Nation for having appointed a distinguished citizen of my grand State of North Carolina to high office. The manhood, the courage, and the patriotism of this whole Nation stood ready to serve our beloved President and to cooperate with him in his efforts to bring prosperity to our Nation and peace to the world. After considering the qualifications of a multitude of men, our President exercised great wisdom and selected a very distinguished North Carolinian to serve in his Cabinet as Secretary of Commerce. Naturally, all loyal North Carolinians were delighted because the former distinguished Governor of our State was selected by the President to serve as his Secretary of Commerce. Governor Luther H. Hodges served the people of our State well and faithfully for 6 long years. His magnificent record is written on the hearts and minds of our people and he has already proven himself to be a worthy member of the President's Cabinet. He is my personal friend. I respect and trust him, and I am perfectly willing to entrust into his hands the administration of the great program contemplated by the legislation under consideration. I know that with dignity and impartiality, and with fairness to all areas concerned, he will administer the law we are about to enact. I again appeal to my colleagues to vote down the pending substitute and to vote for the committee bill.

I am very glad that the distinguished gentleman from Oklahoma [Mr. EDMONDSON], made the very splendid and brief speech we have just heard. He emphasized very effectively and very eloquently many of the reasons we should vote against this pending substitute.

I am in complete accord with the views expressed by our distinguished and beloved colleague from West Virginia [Mr. BAILEY].

The committee bill might not be perfect, my record in Congress might not be perfect, and I doubt very much if the record of any of you could in all respects be considered perfect, but this committee bill is at least a short step in the right direction. We must do something to improve the plight of our distressed citizens in the many distressed areas of America. We have provided many billions of dollars to relieve the distress of the suffering people of many of the disturbed and unhappy areas of the world, and now we are just about to provide a little relief for American citizens who are devoted to the institutions of freedom, and who will for all times to come despise all of the concepts of communism. I appeal to all of you, and especially to those of you who are interested in the welfare of rural America, to vote down the pending substitute and to vote for the committee bill on final passage.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. BATTIN].

(Mr. BATTIN asked and was given permission to yield the time allotted him to Mr. HARVEY of Michigan.)

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HARVEY].

Mr. HARVEY of Michigan. Mr. Chairman, I speak in favor of the Widnall amendment. I would like to also answer the gentleman from Alabama and the gentleman from North Carolina. The gentleman from Alabama had this to say: He inferred that we were trying to take away the vote-getting power of this bill. I say to you if section 5(b) providing for rural development areas was the vote-getting power in this bill, maybe it illustrates why we feel it was put in this bill, for vote-getting purposes.

Now, in regard to these rural areas, we have heard a lot said about underemployment. But, I thought when we started out that this bill was to help the unemployed and that it was those in the distressed areas that we were trying to help. Now, that is what the Widnall bill would do.

Now, as to the gentleman from North Carolina, I would just like to quote Secretary Freeman when he says himself that he would like to come back in a year. On page 72 of the hearings, when was asked by Mr. SCRANTON:

Have you any suggestion as to what could be done to make it more pinpointed since it already apparently includes almost every low-level income area in the United States?

Mr. Freeman said:

No, I think after a year's experience with this we would be better able to do it; we could try. At this point, really, I wouldn't feel prepared to make any public recommendations languagewise.

Now, are we going to hand over that \$300 million and let him do with it just what he wants to do? That is just exactly what you are doing in the administration bill. I challenge anybody on the committee to point out where these

rural development areas will be located, how many there will be, how large they will be. No one knows. Not even Mr. Freeman. Then I would like to answer the charge that there is no duplication in section 7 of this bill in regard to lending facilities. I say to you that just this morning I had my administrative assistant call the Communities Facilities Administration, and he was advised that there is now between \$45 and \$50 million uncommitted on hand.

I have in my hand a Thermo-Fax copy of a Housing and Home Finance Agency letter dated February 23, in which that Agency is just begging communities to borrow money. They state that it is now wide open for borrowing and will allow them to build any kind of public works program that they want:

Other policies which in the past restricted public facility loans to water, sewer, and gas projects have also been changed to provide financing for all types of public works, except schools, which the community is interested in placing under immediate construction.

So, I submit that we already have an existing agency to lend money for public facilities. The Widnall amendment is a far superior bill and will do more both in industrial loans and retraining, the two important features than S. 1, the administration bill.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. JONES].

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, I am opposed to the substitute. However, I am not committed to this bill. My apprehension about this legislation is the fact that we have not considered what has caused these depressed areas and the necessity for redevelopment.

As many of you perhaps did, I saw a television program some time ago depicting the depressed area in Cairo, Ill. It was supposed to be an example of what this bill could correct. Being a neighbor of that part of the country, I can say that the film did not present in any way the cause of the depression there, where they lost some 3,000 population in the last 10 years; where they had lost four large industries; where people had moved out of the community. I will say that in many communities like that the people have not lived up to their responsibilities in law enforcement to keep out the gangs, goons, and the hoodlums and people like that who create an unsavory atmosphere unpleasant for the operation of any kind of legitimate industry. And, until the various communities which are losing some of these industries act accordingly—I am not referring to the coal sections or places like that where the demand is going down, but I am referring to communities where the facilities exist, where the factory buildings are now ample, where they already have the community facilities—those communities will never make a comeback until we have a change on

the part of the people in those communities which will make them accept their responsibilities.

I also want to say that the reason I am reluctant to support the committee bill and am opposed to the substitute is that we have other agencies available, the Community Facilities Agency, the Housing and Home Finance Administration, the Small Business Administration, and others, all of which have demonstrated their ability to do most of the things which are proposed to be done by this legislation, but which in my opinion will result only in the waste of millions of dollars.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN] to close debate.

Mr. PATMAN. Mr. Chairman, we have heard criticism about other agencies being permitted to do much of this work under the present law. The committee was very careful in writing this bill, and I just want to read you the language in section 24:

Whenever possible in carrying out the provisions of this act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government.

This bill has been carefully written. We believe it safeguards the taxpayers. We believe it is in the interest of the country.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired. All time has expired.

The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The question was taken; and the Chair announced that the “noes” appeared to have it.

Mr. WIDNALL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WIDNALL and Mr. PATMAN.

The Committee divided and the tellers reported that there were—ayes 139, noes 242.

So the substitute amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Earlier the gentleman from Pennsylvania [Mr. VAN ZANDT], and there is no more able or patriotic Representative in the House—and we recall when he left this Chamber to go to the combat zone in the South Pacific and serve where there was fighting but, perhaps, he was a little excited when he suggested that those of us who sometimes voted for a substitute, or to recommit not always was our motive what the gentleman from Pennsylvania has suggested it was.

This bill does not carry a new purpose. We had a somewhat similar purpose in 1937 and again in 1945, and the purpose seems to be, as stated by this professor from Yale who said:

If we go through and establish that as a national policy, that at any time the worker who is willing and anxious to work and cannot find private employment immediately, should be given immediately the opportunity to work on some kind of public works at virtually full normal wages, then this country is unquestionably headed for a complete totalitarian economic economy with a dictator running it.

Then he added:

That is not a matter of opinion. That is a matter of history. From way back in ancient Chinese history up to the present time this idea that the government should be responsible at all times for providing normal employment for every citizen has come out. It has been tried again and again and always ends up in the same result, namely, that the government gradually takes over more and more of the economic life of the country, and finally becomes a complete totalitarian economic state with a dictator at the head of it. (From testimony of Hudson G. Hastings, professor of economics, Yale University, October 24, 1945, before House Committee on Expenditures in the Executive Departments, p. 670.)

To keep the record absolutely clear, permit me to state that at least in my judgment, there is not a Member of this House who is not sympathetic toward those who are unemployed provided they want to work and most of them do. No one here wants anyone to suffer, to be hungry, without proper clothing or shelter. Unfortunately, all unemployment cannot be avoided.

Nations have been trying to solve the unemployment situation. To date have not succeeded.

Later in 1945, our then Secretary of Agriculture was up before the committee.

The Secretary gave us his estimate of the then unemployment situation, which was as follows:

	Alexander Hamilton Institute	Robert R. Nathan (President's Committee on Employment Security)	National Industrial Conference Board, New York City	American Federation of Labor	Congress of Industrial Organizations
1934.....	13,528,000	11,469,000	11,544,000	13,382,000	12,669,000
1935.....	12,659,000	10,485,000	11,234,000	11,695,000	11,741,000
1936.....	11,454,000	9,688,000	9,434,000	10,952,000	11,620,000
1937.....	9,250,000	8,076,000	7,574,000	9,241,000	9,751,000
1938.....	11,809,000	10,265,000	10,328,000	10,926,000	11,714,000
1939.....	11,552,000	11,029,000	10,012,000	11,369,000	12,323,000

The Nation and the States spent billions in the effort to give everyone a job, and, from the record, are these figures:

Public expenditures for assistance and work-program earnings, 1934-39—Federal, State, and local.¹

[In thousands of dollars]

Year	Amount and source of funds			
	Total	Federal funds	State funds	Local funds
1934.....	1, 779, 313	1, 348, 572	176, 433	254, 308
1935.....	1, 871, 315	1, 372, 389	242, 974	255, 952
1936.....	2, 505, 303	1, 938, 550	336, 239	230, 514
1937.....	2, 173, 580	1, 543, 895	396, 073	233, 612
1938.....	2, 827, 300	2, 060, 300	495, 582	271, 418
1939.....	2, 638, 869	1, 831, 466	531, 430	275, 973

¹ Excludes expenditures for the Civilian Conservation Corps, the National Youth Administration, the Public Works Administration, and regular Federal construction projects.

Source: "Trends in Financing Public Aid, 1930-41," p. 251, Social Security Yearbook, 1941.

Secretary of Labor Schwellenbach, who participated in that program, said this:

Furthermore, it must be recognized that we are making efforts toward full employment. We have been for a long, long time through various pieces of legislation creating such things as the NRA, the CWA, the PWA, the WPA.

We tried it and we failed. Now, we all want to do something for the unemployed areas, but there is no use in trying to keep people like the miners in West Virginia, at artificial levels or rather in an area where there can be no economically sound industry. You remember how some tried to keep wages up by levying a tax of 40 cents a ton over a number of years on all the coal mined?

Distressed areas exist sometimes because natural resources have been exhausted. Sometimes because the cost of production has grown higher than purchasing power. Sometimes because of overproduction. Sometimes because of progress—automation. And it is far better, experience has shown, to trust readjustment to the law of supply and demand than it is to attempt artificially to create jobs.

Perhaps if we give private industry a chance by reducing the tax load and in other ways by letting them operate their own business when and where they would as long as they did not harm all of us, instead of trying as we are today to install the Federal Government as boss and dictator or permit labor union officials to determine when and where a plant may be built and how large it shall be. If we are going to turn that over to organizations interested in just one thing, increasing wages and better working conditions, we are not going to get us anywhere.

I cannot vote for this bill. It will neither lessen unemployment nor stabilize industry. It is a form of "share the wealth program." An interference with natural orderly development in our country.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with, that it be printed in the RECORD at this

point and that it be subject to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

(The remainder of the bill reads as follows:)

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources.

AREA REDEVELOPMENT ADMINISTRATOR

SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government,

who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

REDEVELOPMENT AREAS

SEC. 5. (a) The Secretary shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

(2) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underdevelopment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act,

the foregoing officers for any expenditures incurred by them under this section.

(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), approved for such assistance by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed is or will be located.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(d) (1) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the

applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in exceptional cases, machinery, and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b) (10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(d) (2) of this Act, plus one-quarter of 1 per centum per annum.

(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b) (10), and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed 65 per centum of the difference between the funds which can be practicably obtained from loans (including a loan under section 7 of this Act) and from other Federal sources for such project, and the amount which is necessary to insure the completion thereof.

(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this

section so as to insure that Federal funds are not wasted or dissipated.

(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

AREA REDEVELOPMENT FUND

SEC. 9. (a) There is hereby established in the Treasury of the United States an area redevelopment fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom.

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$300,000,000.

(c) Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(d) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year—

(1) interest, on advances made to the fund for use in extending financial assistance under section 6, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under section 6; and

(2) interest, on advances made to the fund for use in extending financial assistance under section 7, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made but which shall not be more than the higher of (A) $2\frac{1}{2}$ per centum per annum or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the making of such advances or commitments and adjusted to the nearest one-eighth of 1 per centum.

(e) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The funds shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and dis-

ability fund attributable to employees performing activities authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

(f) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF SECRETARY

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of

debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly non-residential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment

of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c)."

URBAN PLANNING GRANTS

SEC. 15. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to pro-

vide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made for a period not exceeding sixteen weeks, and the amount of any such payment for any week shall not exceed the amount of the average weekly unemployment compensation payment (including allowances for dependents) payable for a week of total unemployment in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of secu-

rity therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No financial assistance shall be extended by the Secretary under section 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on

projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

ANNUAL REPORT

SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

APPROPRIATIONS

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) Whenever possible in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of fifteen such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

STUDY BY SECRETARY

SEC. 27. The Secretary shall make a study of the feasibility of establishing procedures to provide for increased use of military bases, and Government-owned plants and facilities for the manufacture or production of munitions and other supplies for the Government, which are located in areas designated under section 5 of this Act as redevelopment areas and which are not fully utilized, whenever such use is consistent with the national defense, economy in Government operation, and other Government procurement objectives. Upon the completion of such study the Secretary shall submit to the Congress a report of his findings together with such recommendations for legislative and other action as he may deem appropriate.

APPLICATION OF ACT

SEC. 28. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, one of the prime reasons for this legislation, if there is a reason for it, is the flood of imports from foreign countries. Yet it is strange that in this House today and yesterday we have heard very few Members point to that fact as one of the reasons for the bill.

This bill is in the nature of providing compensatory payments to those injured by imports. The free traders and lead-

ers of the New Frontier also call it "administrative adjustment." That is what this bill is about. In large measure it is to take up the slack caused by foreign imports and their impact upon American industry, agriculture, and labor.

I wish every Member of Congress could have seen the display in the Congressional Hotel of shoes imported into this country, made by 16-cent-an-hour labor in Hong Kong and 26-cent-an-hour labor in Japan flooding the markets of this country. The cheap labor of Italy and several other countries also makes its contribution to our troubles.

One of the Members spoke of Gloversville, N.Y. What is wrong with Gloversville, N.Y.? The markets of this country are flooded with knit gloves and mittens from Italy, Japan, and Hong Kong.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. STRATTON. I certainly agree with the gentleman with respect to the problem of foreign imports, and this bill we have here today is the first piece of legislation which we have had presented to us in an effort to meet the problem of areas hurt by imports.

Mr. GROSS. Yes, it is a New Frontier administrative adjustment bill, compensatory payments from the Federal Treasury to relieve a situation brought about by foreign imports.

I do not like to ride the buses in the District of Columbia and be confronted with advertisements urging people to "buy Polish hams." We in Iowa have hams to sell to American working men and women.

Mr. STRATTON. Mr. Chairman, will the gentleman yield again?

Mr. GROSS. I yield to the gentleman from New York.

Mr. STRATTON. I may say to the gentleman in respect to the legislation to which he refers, that no one has supported such legislation more vigorously than I have; but I do feel that if national policies are going to hurt certain areas because of imports, then the National Government has a distinct obligation to help those areas, as this bill does.

Mr. GROSS. The gentleman from West Virginia supports this bill but says nothing or practically nothing today about the oil coming in from Venezuela, the residual oil that is displacing coal and the jobs of miners. The New Frontier Secretary of the Interior hardly got his chair warm before he increased the residual oil coming into this country. So you come in here today loading on all the taxpayers another \$400 million to take up the slack for foreign imports.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I wish the gentleman one day would vote against some of these imports.

Mr. MULTER. I was going to ask the gentleman if he has any alternative to the present bill.

Mr. GROSS. You bet your life I have an alternative for it.

Mr. MULTER. What is it?

Mr. GROSS. A tariff representing the differential in costs of production as between the workingmen of this country and the workingmen of foreign countries. That is your answer.

Mr. MULTER. Is that the only alternative to a bill of this kind to help Americans who need help?

Mr. GROSS. Does the gentleman know of any more effective way to help the workingmen of this Nation, industry, and the farmers than to preserve the American market for their products?

Mr. MULTER. That is what we are trying to do with this bill.

Mr. GROSS. You are not doing anything of the sort. You are raiding the taxpayers under this piece of hodge-podge legislation. Nobody knows what it will do. Question after question has been asked this afternoon and no answers given. Sure, go out and build fish ponds and duck-shooting preserves. I suppose that next you will want Congress to furnish the unemployed miners of West Virginia and Pennsylvania with ammunition and shotguns so they can go out and shoot ducks.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. GROSS. Mr. Chairman, may I say that I did not support the substitute that was offered a moment ago. I opposed the substitute and I am opposed to this bill. The substitute was just a little less worse than the committee bill, that is all.

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. HIESTAND. I congratulate the gentleman from Iowa for taking the position he has toward examining the causes of this alleged unemployment in a great many places. There are eight other major causes. I have looked in vain to find what the committee has done to correct any one of those causes. They have simply adopted the symptoms of the disease rather than the causes.

Mr. GROSS. All we are dealing with today is effects, and not causes. It is the same story all over again.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. Did not the gentleman refer incorrectly to this bill as a hodge-podge bill? Should it not be called the Hodge bill?

Mr. GROSS. Call it what you want. Let us be fair to the taxpayers, and let us be fair to ourselves. Let us deal with causes and not with effects.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. What is the gentleman talking about, a share-the-wealth program?

Mr. GROSS. A sharing of the taxpayer bill.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Washington.

Mr. PELLY. I hope that the gentleman is serious in offering this preferential motion because I shall be glad to vote for it.

The CHAIRMAN. The question is on the motion offered by the gentleman from Iowa [Mr. GROSS].

The motion was rejected.

Mr. HALPERN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALPERN, of New York: Page 45 before the period in line 4, insert the following: "rather than by merely transferring employment opportunities from one area of the United States to another."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I have discussed the amendment with the Members on our side, and we are willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. HALPERN].

The amendment was agreed to.

(Mr. HALPERN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HALPERN. Mr. Chairman, this antipirating amendment leaves no question as to the intent of this legislation to prevent the raiding of industry from one area of the United States to another. By this amendment the intent is clearly spelled out in the bill's declaration of purpose.

As commendable as the principles of this bill may be, I feel it is necessary to further clarify it in order to safeguard the pirating of industry. I expressed my concern about this problem in my additional views in House Report No. 186 on the bill.

I am concerned that S. 1 as reported does not contain in its declaration of purpose language to effectively prevent the raiding of industries in some areas which could conceivably cause an economic setback in current thriving communities. I am not convinced that the language of the bill as reported is sufficient to protect against the migration or pirating of industries from established areas into distressed ones. I recognize that it would be exceedingly difficult to write an ironclad provision into the bill preventing such shifts in the location of industries. I feel, however, that the relevant provisions in S. 1 can be tightened, and more definite standards prescribed for its administration. This can be established once and for all by setting forth the antipirating principle in the declaration of purpose.

Nowhere in the declaration of purpose of this bill is mention made of the intent of Congress to guard against the pirating of industry or the runaway shop. That is why I offered this amendment. Under

the bill as it now reads, the declaration of purpose in section 2, on page 45, lines 2 to 4, states that "and that under the provisions of this act new employment opportunities should be created by developing and expanding new and existing facilities and resources."

I believe that the words "expanding new and existing facilities and resources" do not sufficiently stress the legislative intent that this bill is not designed merely to transfer employment opportunities from one area of the United States to another.

My amendment to the preamble would add the words: "rather than by merely transferring employment opportunities from one area of the United States to another." This addition would stress in clear and forceful terms the intent of Congress.

Such clarification would provide clear and specific guidelines to the administrators of the bill; it would emphasize the creation of new opportunities and economic growth; and it would discourage the raiding of developed areas.

It is obvious that heavily productive communities could be affected under such standards and particularly large cities such as my own city of New York. Mr. Chairman, the purpose of this amendment is to make clear that this process shall not occur and that funds shall not be used under the act to lure industries from developed communities with a consequent creation of unemployment there.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 79, line 10, strike out "Whenever possible" and insert "To the fullest extent practicable".

[Mr. MULTER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MULTER. Mr. Chairman, this amendment is suggested by the Secretary of Commerce. I have discussed it with the chairman of the committee and the ranking minority member, and I understand it is acceptable to the committee.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Texas.

Mr. PATMAN. We are willing to accept it on this side.

Mr. WIDNALL. That was in my substitute bill, and we accept it.

Mr. MULTER. In support of the amendment, permit me to read the letter dated March 24, 1961, to the distinguished chairman of the House Banking and Currency Committee for the Honorable Robert E. Giles, General Counsel for the Department of Commerce, as follows:

THE GENERAL COUNSEL OF COMMERCE,
Washington, D.C., March 24, 1961.

HON. BRENT SPENCE,
Chairman, Committee on Banking and Currency,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In reporting out S. 1 to provide a Federal program to assist areas of substantial and persistent unemployment, the Committee on Banking and Currency

changed the first sentence of section 24 relating to use by the Secretary of Commerce of existing facilities of other Federal agencies to read as follows:

"Whenever possible in carrying out the provisions of this act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government."

This change caused us concern because the phrase "whenever possible," when read comparatively with the phrase "to the extent practicable" in the sentence which was replaced, created a legislative history which might be interpreted as compelling a delegation when in fact such an action would be impracticable or unwise.

In discussing with Representative A. J. MULTER of the committee this change in S. 1 as reported, he suggested substitution of the phrase "to the fullest extent practicable" for the phrase "whenever possible" as not having the undesirable compelling implication which might be found in the committee provision. The Department of Commerce concurs in this suggestion of Representative MULTER, and urges that the phrase "to the fullest extent practicable" be inserted in lieu of the phrase "whenever possible."

As the record shows, Secretary Hodges testified before the committees of both Houses as to his purpose of using existing organizations engaged in activities closely related to the proposed program and thus avoid duplication and unwarranted expense entailed in setting up new staffs when they are not needed.

Sincerely yours,

ROBERT E. GILES,
General Counsel.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

Mr. STRATTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STRATTON: On pages 81 and 82 strike out Section 27 and insert in lieu thereof the following:

"STUDY BY SECRETARY

"Sec. 27. Whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof and such installation is situated in an area in which the rate of unemployment is 6 per centum or more, the Secretary shall, upon the request of the Governor or Governors of the State or States in which the area is located, institute a study to determine the economic effects of the action which has been or is to be taken. In determining the economic effects of such action, the Secretary shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

"(1) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

"(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the

needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

"(3) the approximate cost to the Government of relocating any such installation in the event that such installation has been or will be relocated; and

"(4) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such installation with respect to which any such action is proposed to be taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary to the Secretary of Defense and to the Congress."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, the committee bill has a similar provision. I have discussed this question with the chairman of the Committee on Armed Services, the gentleman from Georgia [Mr. VINSON], and after these discussions I am prepared to accept the gentleman's amendment in lieu of the similar provision in the committee bill.

[Mr. STRATTON addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. RYAN. Mr. Chairman, I urge the Members of this House to support this amendment to S. 1.

This amendment is a sound approach to a very serious problem. When the armed services builds a military installation in an area, many people from the area and from outside the area depend upon the continuance of the installation for their livelihood. Private industry invests large sums of money in business which services the installation. Therefore, the decision to deactivate a military installation is one which has far-reaching consequences to the community where the installation is established.

A case in point is the Air Force base in Rome, N.Y. This base employs over 6,500 civilians. In addition, there are at least an additional 3,500 people who work for private concerns which directly service the base. Private business has invested substantial sums in the area. If this base is deactivated at least 10,000 persons may be out of work. This does not include the businesses and services in the community which are dependent upon the consumer spending of the base's personnel.

The effect of this additional unemployment in the area can be readily seen by looking at recent statistics.

The latest figures show that 9.5 percent of the labor force in the Rome-Utica labor market area are unemployed. This figure represents 12,500 people out of work. The Rome-Utica area just misses being one of the substantial and persistent labor surplus areas under S. 1.

In 1958 this area had 9.7 percent unemployment. Fifty percent above the national average was 10.2. In 1959 there was 8.2 percent of the labor force out of work. Fifty percent above the national average for that year was 8.3. In 1960 this area had 8.2 percent of the labor force out of work, with 50 percent above the national average being 8.4. It is

apparent that, if 10,000 more people are unemployed, this area will probably be listed as a substantial and persistent labor surplus area under the formula in S. 1.

This amendment calls for a study of the economic consequences to the area and of the overall economic impact to the country which will result when a military installation is closed.

A report by the Secretary of Commerce to the Secretary of Defense will insure that the Government takes a broader view of the consequences.

The amendment deserves our support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. STRATTON].

The amendment was agreed to.

Mr. JAMES C. DAVIS. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. JAMES C. DAVIS: On page 80, line 21, strike out the word "fifteen" and insert in lieu thereof the word "five".

[Mr. JAMES C. DAVIS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. JAMES C. DAVIS. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, we have been negotiating on this question and we have decided we are willing to accept the amendment offered by the gentleman from Georgia [Mr. JAMES C. DAVIS].

Mr. WIDNALL. Mr. Chairman, will the gentleman explain the amendment?

Mr. PATMAN. Mr. Chairman, it reduces the number of supergrades to be used in the administration of the act from 15 to 5.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. JAMES C. DAVIS].

The amendment was agreed to.

Mr. MONTTOYA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MONTTOYA: On page 72, after line 14, insert the following new subsection:

"(f) In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations."

Mr. PATMAN. Mr. Chairman, the Committee on our side is willing to accept the amendment.

Mr. WIDNALL. Mr. Chairman, will the gentleman give us a word of explanation?

Mr. MONTTOYA. Mr. Chairman, the purpose of the amendment is to place clearly within the provisions of the act a provision which will enable the Secretary to initiate vocational training programs wherever they are feasible for

agricultural workers who out of season find themselves unemployed.

(Mr. MONTTOYA asked and was given permission to revise and extend his remarks.)

Mr. MONTTOYA. Mr. Chairman, I propose an amendment which in my opinion will greatly benefit a segment of our population which I am sure we all agree needs help. I am speaking of the agricultural worker and the individuals engaged in seasonal occupations. In this connection, I offer the following amendment to S. 1:

On page 72, after line 14, insert the following new subsection:

"(f) In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations."

Permit me now to make a number of observations which I believe substantiate the need for an adequate program of vocational retraining to help agricultural and seasonal workers. A massive retraining program for these two groups will enable them to acquire new skills which are needed to enter new fields of endeavor.

I do not have to remind any of my colleagues that agricultural employees are in dire need of help. In most of our discussions of how to solve the problem of high unemployment in distressed areas, too much emphasis has been placed on long-range solutions and ignoring the agricultural unemployment. Secretary Freeman in his testimony before the House Banking and Currency Committee on February 27, 1961, indicated that over 1,400,000 are unemployed and underemployed out of a total agricultural labor force of 4,700,000. It is difficult to comprehend an expanding economy with such a large segment of our population in a basic industry underemployed. He said:

There is enough underemployment each year among workers 20 to 64 years of age who live on farms to equal a full year of unemployment for 1,400,000 workers. That is to say—if we did not have so many people underemployed in agriculture, the Nation would have roughly 1,400,000 more unemployed workers than are currently reported.

It is clear that unemployment and underemployment are basically the same condition.

Since World War II, the Nation's economy has not grown enough to put to work and keep fully employed all of our people who want to work.

Already farm families get a third of their net income from nonfarm sources. Of every 100 farm operators, 45 did some work off their farms in 1959, and nearly a third of the operators worked off their farms 100 days or more.

However, representatives of 95 percent of the rural electric systems of the Nation report that there is need for additional work off the farms in the areas

they serve. With the labor supply increasing and with technology making an hour of work more productive, we have permitted a situation to develop where demand has been outrun.

President Kennedy in his state of the Union message indicated that farm income in the past 10 years has decreased over 25 percent. The restoration of the purchasing power of the farmer could solve many of our problems in the other industrial areas. It seems to me that there are urgent human problems on the farm which need immediate attention. We cannot solve these problems through expanding surplus commodity distribution or extending legislation. We must seek a speedier solution which will give jobs to the agricultural unemployed. Underemployment in agriculture has become an increasingly serious problem since the end of the war. An increasing number and an increasing percentage of farm families are found in the lowest income group of the Nation—the lowest one-fifth. In the 1944-47 period, 40 percent of the farm operator families were in that group, but in the 1955-57 period more than 50 percent were in it. Another way to see this problem is to look at actual income figures. In 1959, only about 13 percent of the families in the Nation had incomes less than \$2,000, but about 36 percent of the farm families had incomes under \$2,000. The people want to work. Underemployment in agricultural is due to the national shortage of jobs rather than to inherent characteristics of regions or people. Department of Agriculture and State college research people studying the problems of specific areas find differences, it is true. The history of an area and the origins and history of a group of people are reflected to some extent in the opportunities available and the way the people react to them; but the differences among areas pale into insignificance when you consider this unifying similarity.

The American people wherever they are, whatever their origins and history, want to work. They aspire to better things for themselves and their children. They take jobs when and where they find jobs for which they are qualified. They are ingenious in putting their resources to work to make and sell useful goods and in selling needed services. This is true of the people in the areas that are short of resources and buying power, as it is in other areas, contrary to what some of us have assumed too easily in the past.

I am firmly convinced that the answer lies in a massive program of vocational retraining, fully utilizing the existing facilities of our high schools and other State institutions and creating additional regional vocational schools in areas affected. There is no single panacea to the distressed agricultural areas and unfortunately, most of the solutions offered by factfinding committees and legislators are of a pump-priming nature. Conditions are so critical in some areas that it is time for a new type of program to be effected. These agricultural unemployed must be made vocationally mobile so that they

can properly seek employment in areas where job opportunities are available.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Mexico [Mr. MONTROYA].

The amendment was agreed to.

Mr. MONTROYA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MONTROYA of New Mexico: On page 82, after line 9, insert the following new section:

"RESEARCH

"SEC. 28. To assist in the long-range accomplishment of the purposes of this Act, the Secretary shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the Nation as a whole and in the formulation and implementation of National, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action."

And renumber the succeeding section accordingly.

Mr. MONTROYA. Mr. Chairman, I offer this amendment as I firmly believe that this legislation needs a long-term program of research to determine causes of underdevelopment and of chronic depression. I feel that the provisions of this bill will help correct the immediate problem facing the Nation in the depressed areas. However, I strongly urge that a long-range program be instituted. This could be accomplished after sufficient study and research has been made to determine the basic causes and alternative solutions that may be available to these areas.

Mr. PATMAN. Mr. Chairman, we are familiar with the gentleman's amendment and we are willing to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Mexico [Mr. MONTROYA].

The amendment was agreed to.

Mr. KEITH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, under the provisions of this bill many communities can qualify for assistance. Some of these cities are obviously more deserving of our attention than others. The question is, Is there in this bill any directive or instruction to the administrator of the program to give priority to those communities which have had substantial unemployment for extended periods of time?

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, the bill provides that areas such as the gentleman describes will be designated for assistance, and New Bedford is given a priority in the sense that it is one of 20 major areas which meet the test in the bill for mandatory designation. New Bedford will certainly be high on the priority list.

Mr. KEITH. I thank the gentleman very much for those words of reassurance.

In this city we have a flood control project which has been authorized by this or by an earlier Congress. The city is hard pressed to meet its financial commitments. Is it the intent of the provision pertaining to the grants for public facilities to take care of problems like that facing New Bedford in this instance?

Mr. PATMAN. It is intended to take care of cities like New Bedford provided there is no other way of financing the project on reasonable terms and it needs public facilities to solve its problems.

Mr. KEITH. I thank the gentleman very much.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask a question of my distinguished colleague, whose district adjoins mine in the Arkansas-Texas area.

On page 4 of the committee report it is stated:

Such planning should take into account all the potentials of the area. They may be in recreation or tourism, not heavy industry; they may lie in the promotion of parks and the restoration of forests, with the construction of necessary access roads.

First, may I ask in just what way under the provisions of this bill an area could qualify for assistance in promoting parks?

Mr. PATMAN. This is a rural area?

Mr. HARRIS. Yes, I assume it is; I do not know.

Mr. PATMAN. It would be within the discretion of the Administrator, if it conforms with the overall economic development program presented by the local community. I would not know unless I could see the plan. I would not know what to say, and then I would not have the power because it is entirely up to the Administrator.

Mr. HARRIS. In other words, any feasible plan that would be acceptable to the Administrator would be possible under this bill?

Mr. PATMAN. It would be possible under this act.

Mr. HARRIS. Now may I ask this further question with reference to access roads. The gentleman may or may not be familiar with Rich Mountain, in the northern part of my district and over in Oklahoma. It is substantially in the national forest. On top of this mountain is a State park. An effort has been made for some time to obtain funds locally, State or otherwise, for the development of a road across the top of this mountain into Oklahoma, and so forth. The question is, would a plan, if it were to be developed and acceptable to the Secretary, be eligible under this program?

Mr. PATMAN. It would not be ruled out. I see no reason why it should not be eligible.

Mr. HARRIS. In other words, if the criteria otherwise stated in the report earlier could be met, then such a program could possibly be worked out for a project of this nature?

Mr. PATMAN. It would be possible under this act.

Mr. HARRIS. I thank the gentlemen.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that each of the Members who offered amendments that have been adopted be permitted to revise and extend his remarks at this point in the RECORD immediately prior to the vote on the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HEMPHILL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to ask certain questions, the first of which is, Is the effect of this legislation directed toward putting up plants with Government money in competition with plants already in existence?

Mr. PATMAN. No.

Mr. HEMPHILL. The committee is right here in saying that that is not proper and that the administration should be directed not in that direction but in other directions?

Mr. PATMAN. That is not the purpose.

Mr. HEMPHILL. Is the legislation directed toward stopping development in any one section of the country?

Mr. PATMAN. The answer is no.

Mr. HEMPHILL. I have in mind the language on page 9 of the report which seems to single out certain parts of the country, I thought unfairly. Would this stop the movement of industry from one part of the country to another where the industry had not previously been established?

Mr. PATMAN. It would not affect it unless there were an effort made to move a plant from one section to another. In that event public funds could not be used for that purpose. Under this act, they are prohibited.

Mr. HEMPHILL. Would you prohibit a plant relocating that wanted to relocate? Would you give the community assistance or not?

Mr. PATMAN. The Administrator would not have anything to do with that unless they asked for assistance. In that event, public money would be involved and could not be used for that purpose.

Mr. HEMPHILL. I thank the gentleman.

Mr. WIDNALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask one question of the gentleman from Texas [Mr. PATMAN]. Is there anything in the rural section of this bill that gives priority to the unemployed of a chronically distressed area over the underemployed?

Mr. PATMAN. I do not think that distinction is drawn. I think the underemployed and the unemployed are treated in a very similar way. The object is to help them whether they are underemployed or unemployed.

Mr. WIDNALL. Actually, it is not going to be a bill primarily to help those in the chronically distressed areas who are unemployed?

Mr. PATMAN. There is no distinction between underemployed and unemployed.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, permit a question to the gentleman from New Mexico who offered the amendment to assist the migrant or seasonal workers.

Mr. PATMAN. There is nothing in the bill that affects migrant workers.

Mr. HOFFMAN of Michigan. Is the gentleman from New Mexico over there?

Mr. PATMAN. There is nothing in this bill that affects migrant workers.

Mr. HOFFMAN of Michigan. Did we not have an amendment a little while ago about migrant or seasonal workers?

Mr. PATMAN. No, there was something about Indian reservations.

Mr. HOFFMAN of Michigan. Was there not an amendment offered by the gentleman from New Mexico?

Mr. PATMAN. That was about Indian reservations.

Mr. HOFFMAN of Michigan. About seasonal workers.

Mr. PATMAN. Oh, seasonal workers.

Mr. HOFFMAN of Michigan. Yes, what is the difference between seasonal and migrant workers except perhaps that seasonal workers are through with a job earlier? Now I am not asking the gentleman from Texas but—my question is this. Under that amendment, a seasonal worker who might be a migrant worker comes to Michigan to help harvest crops which are produced by stoop labor, as we call it. Under that amendment, do they receive help after the crops are harvested, if they are unemployed?

Mr. PATMAN. That would be unemployment benefits, I think. I do not know of anything in this act that would permit the payment of unemployment benefits.

Mr. HOFFMAN of Michigan. If the gentleman will just wait, quit stalling, some of these people come up and harvest crops and then go back, and they do not work any more except down in Mexico. Can they receive a benefit under this bill as amended?

Mr. PATMAN. They go back to their own country under the treaty that is in force.

Mr. HOFFMAN of Michigan. Yes, and what I am asking you, under that amendment, are they to receive aid?

Mr. PATMAN. Not after they have finished their jobs, I am sure. But, in training—in training—

Mr. HOFFMAN of Michigan. If they stay here—for instance, at Benton Harbor, Mich., as some do, the rest of the year, are they to receive aid for the rest of the year, or a benefit under this bill?

Mr. PATMAN. Not under this act, and I do not see where they could receive aid under this act.

Mr. HOFFMAN of Michigan. Under the amendment.

Mr. PATMAN. Not under the act.

Mr. HOFFMAN of Michigan. Under the amendment.

Mr. PATMAN. Under the employment act of your State, I do not know.

Mr. HOFFMAN of Michigan. I did not ask you about unemployment. Under the amendment in this act, I am asking you: Can they receive a benefit?

Mr. PATMAN. No, sir; my construction is no.

Mr. HOFFMAN of Michigan. With that answer I cannot agree.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, pursuant to House Resolution 237, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. WIDNALL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WIDNALL. I am opposed to the bill.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WIDNALL moves to recommit the bill to the Committee with instructions to report the same back to the House with the following amendment: Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Area Redevelopment Act'."

"DECLARATION OF PURPOSE"

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local

economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources.

"AREA REDEVELOPMENT ADMINISTRATOR"

"SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the 'Secretary') may assign.

"ADVISORY POLICY BOARD"

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

"REDEVELOPMENT AREAS"

"SEC. 5. (a) The Secretary shall designate as a 'redevelopment area' any labor market area within the United States with respect to which the chief executive of the State in which such area is located has requested such designation and the Secretary of Labor has found and certified to the Secretary—

"(1) that the rate of unemployment in such area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

"(2) that the annual average rate of unemployment in such area has been at least—

"(A) 50 per centum above the national average for three of the preceding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average for one of the preceding two calendar years.

"(b) The Secretary of Agriculture shall conduct such studies as he may deem necessary to enable him to develop and submit to the Congress, not later than January 3, 1962, a proposed workable program to provide for the participation of rural areas, rural nonfarm areas, and Indian reservations, in which there has existed substantial and persistent unemployment or underemployment for an extended period of time, in the program of financial assistance under this Act. Upon the request of the Secretary of Agriculture, the Secretary of the Interior shall conduct such special studies and compile and furnish to the Secretary of Agriculture such information as the Secretary of Agriculture may deem necessary to enable him to carry out his duties under this subsection. The Secretary of Agriculture shall reimburse the Secretary of the Interior, out of funds appropriated under this subsection, for expenses incurred by the Secretary of the Interior under this subsection. There are authorized to be appropriated such sums, not to exceed \$500,000, as may be necessary to carry out the provisions of this subsection.

"(c) The Secretary shall reimburse when appropriate, out of any funds available to the Secretary under this Act, the heads of other departments or agencies for expenses incurred by them under this section in conducting studies or furnishing information requested by the Secretary.

"(d) As used in this Act, the term 'redevelopment area' refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

"LOANS AND PARTICIPATIONS"

"Sec. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section with respect to projects in redevelopment areas shall not exceed \$150,000,000.

"(2) Such assistance shall be extended only to applicants, both private and public, approved for such assistance by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed is or will be located.

"(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

"(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

"(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

"(6) No evidences of indebtedness shall be purchased and no loans shall be made unless

it is determined that there is a reasonable assurance of repayment.

"(7) Subject to section 11(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

"(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 8(d) of this Act plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

"(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in exceptional cases, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

"(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

"(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources, in addition to any funds supplied from such sources under subparagraph (B), as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

"(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

"(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That

nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"LOANS FOR PUBLIC FACILITIES"

"Sec. 7. (a) In order to provide loans for public facilities in redevelopment areas, the first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give equal priority to applications of—

"(1) counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determined to be redevelopment areas under the Area Redevelopment Act, if the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Redevelopment Act and other undertakings such areas will be able to achieve lasting improvement in their economic development; and

"(2) smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need."

"(b) The first sentence of section 203(a) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time in an amount not exceeding \$150,000,000, notes and other obligations, which limit shall be increased by such amounts, not exceeding \$100,000,000, as may be specified from time to time in appropriation Acts."

"(c) No financial assistance shall be extended under the amendments made by this section with respect to—

"(1) any public facility situated in a redevelopment area which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake; or

"(2) any area if it will assist business establishments in relocating, totally or partially, from one area to another.

"AREA REDEVELOPMENT FUND"

"Sec. 8 (a) There is hereby established in the Treasury of the United States an area redevelopment fund (hereinafter referred to as the 'fund'), which shall be available to the Secretary for the purpose of extending financial assistance under section 6 and for the payment of all obligations and expenditures arising therefrom.

"(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund without fiscal year limitation, an amount not exceeding \$150,000,000.

"(c) Receipts arising from the program of assistance under section 6 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

"(d) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest, on advances made to the fund for use in extending financial assistance under section 6, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under section 6.

"(e) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under section 6 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under section 6 of this Act, as determined by the Civil Service Commission.

"(f) In the performance of and with respect to the functions, powers, and duties vested in him by section 6 of this Act, the Secretary shall—

"(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

"(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"INFORMATION

"SEC. 9. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 10. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or

suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

"POWERS OF SECRETARY

"SEC. 11. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidence of indebtedness purchased under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary

or appropriate to the conduct of the activities authorized in section 6 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

"(10) to such an extent as he find necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

"(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

"(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"SEC. 12. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"URBAN RENEWAL

"SEC. 13. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment

Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly non-residential uses; but no such assistance shall be provided in any area if the Administrator determines that it will assist business establishments in relocating, totally or partially, from one area to another.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c)."

"URBAN PLANNING GRANTS

"Sec. 14. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after 'counties which' the following: '(A) are situated in areas designated by the Secretary of Commerce under section 5 (a) of the Area Redevelopment Act as redevelopment areas or (B)'.

"OCCUPATIONAL TRAINING

"Sec. 15. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

"(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary,

shall determine the occupational training or retraining needs of unemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

"(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

"(e) There are hereby authorized to be appropriated for the fiscal year beginning July 1, 1961, such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

"RETRAINING SUBSISTENCE PAYMENTS

"Sec. 16. (a) The Secretary of Labor in consultation with the Secretary may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 15 of this Act. Such payments shall be made for a period not exceeding sixteen weeks, and the amount of any such payment for any week shall not exceed the amount of the average weekly unemployment compensation payment (including allowances for dependents) payable for a week of total unemployment in the State making such payments.

"(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

"(c) Any agreement under this section may contain provisions (including, so far as

may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

"(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

"(e) There are hereby authorized to be appropriated for the fiscal year beginning July 1, 1961, such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

"PENALTIES

"Sec. 17. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bonds, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

"Sec. 18. No financial assistance shall be extended by the Secretary under section 6 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is

rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"RECORD OF APPLICATIONS

"SEC. 19. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"SEC. 20. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

"ANNUAL REPORT

"SEC. 21. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"SEC. 22. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"USE OF OTHER FACILITIES

"SEC. 23. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

"(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of fifteen such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

"RECORDS AND AUDIT

"SEC. 24. (a) Each recipient of assistance under section 6 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 of this Act.

"LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

"SEC. 25. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

"STUDY BY SECRETARY

"SEC. 26. The Secretary shall make a study of the feasibility of establishing procedures to provide for increased use of mili-

tary bases, and Government-owned plants and facilities for the manufacture or production of munitions and other supplies for the Government, which are located in areas designated under section 5 of this Act as redevelopment areas and which are not fully utilized, whenever such use is consistent with the national defense, economy in Government operation, and other Government procurement objectives. Upon the completion of such study the Secretary shall submit to the Congress a report of his findings together with such recommendations for legislative and other action as he may deem appropriate.

"APPLICATION OF ACT

"SEC. 27. As used in this Act, the terms 'State', 'States', and 'United States' include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa."

Mr. WIDNALL (interrupting the reading). Mr. Speaker, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. PATMAN. Mr. Speaker, reserving the right to object, is this the same as the substitute that was offered in the committee?

Mr. WIDNALL. It is the same as the substitute bill.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentlemen from New Jersey?

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. WIDNALL. Mr. Speaker, on this vote I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 125, nays 291, not voting 15, as follows:

[Roll No. 32]

YEAS—125

Adair	Dague	May
Alger	Derounian	Meador
Andersen,	Devine	Miller, N.Y.
Minn.	Dole	Minshall
Anderson, Ill.	Dominick	Morse
Arends	Dooley	Mosher
Ashbrook	Dwyer	Nelsen
Auchincloss	Ellsworth	Norblad
Avery	Findley	Nygard
Ayers	Ford	Osmers
Baldwin	Frelinghuysen	Ostertag
Barry	Garland	Pelly
Bass, N.H.	Glenn	Pillion
Bates	Goodell	Quile
Battin	Goodling	Ray
Becker	Griffin	Reifel
Beermann	Gubser	Rhodes, Ariz.
Belcher	Hall	Riehlman
Bell	Halleck	Robison
Berry	Harrison, Wyo.	Roudebush
Betts	Harvey, Ind.	Rousselot
Bolton	Harvey, Mich.	St. George
Bow	Hiestand	Schadeberg
Bromwell	Hoeben	Schenck
Broomfield	Hoffman, Ill.	Scherer
Brown	Hosmer	Schwengel
Broyhill	Jensen	Seely-Brown
Bruce	Jonas	Shriver
Byrnes, Wis.	Judd	Sibal
Cahill	Kilburn	Springer
Cederberg	King, N.Y.	Stafford
Chamberlain	Knox	Taber
Chenoweth	Laird	Thomson, Wis.
Chiperfield	Langen	Van Pelt
Church	Latta	Wallhauser
Ciancy	Lindsay	Wels
Collier	Lipscomb	Westland
Conte	McCulloch	Wharton
Cramer	MacGregor	Widnall
Cunningham	Mailliard	Wilson, Calif.
Curtis, Mass.	Martin, Mass.	Wilson, Ind.
Curtis, Mo.	Mason	Younger

NAYS—291

Abbutt
Abernethy
Addabbo
Addonizio
Albert
Alexander
Alford
Andrews
Anfuso
Ashley
Ashmore
Aspinall
Bailey
Baker
Baring
Barrett
Bass, Tenn.
Beckworth
Bennett, Fla.
Bennett, Mich.
Blatnik
Blitch
Boggs
Boland
Bolling
Bonner
Boykin
Brademas
Bray
Breeding
Brewster
Brooks, La.
Brooks, Tex.
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Cannon
Carey
Casey
Celler
Chelf
Clark
Coad
Cohelan
Colmer
Cook
Cooley
Corbett
Corman
Curtin
Daddario
Daniels
Davis
Davis, John C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Dorn
Dowdy
Downing
Doyle
Dulski
Edmondson
Elliott
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton
Finnegan
Fisher
Flood
Flynt
Fogarty
Forrester
Fountain
Frazier
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Gavin
Giaino
Gilbert
Granahan
Grant
Gray

Green, Oreg.
Green, Pa.
Griffiths
Gross
Hagan, Ga.
Hagen, Calif.
Haley
Halpern
Hansen
Harding
Hardy
Harris
Harsha
Hays
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Hoffman, Mich.
Holifield
Holland
Holtzman
Horan
Huddleston
Hull
Ichord
Ikard
Inouye
Jarman
Jennings
Joelsson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Kastenmeier
Kearns
Kee
Keith
Kelly
Keogh
Kilday
Kilgore
King, Calif.
King, Utah
Kirwan
Kitchin
Kluczyński
Kornegay
Kowalski
Kyl
Landrum
Lane
Lankford
Lennon
Lesinski
Libonati
Loser
McCormack
McDowell
McFall
McIntire
McVey
Macdonald
Machrowicz
Mack
Madden
Magnuson
Mahon
Marshall
Martin, Nebr.
Mathias
Matthews
Merrow
Michel
Miller, Clem
Miller
Millikin
Mills
Moeller
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morrison
Moss
Multer

Murphy
Murray
Natcher
Nix
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Passman
Patman
Perkins
Peterson
Pfost
Philbin
Pike
Pilcher
Pirnie
Poage
Poff
Powell
Price
Pucinski
Rabaut
Rains
Randall
Reuss
Rhodes, Pa.
Riley
Rivers, Alaska
Rivers, S.C.
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rostenkowski
Rutherford
Ryan
St. Germain
Santangelo
Saund
Saylor
Schneebeli
Schweiker
Scranton
Selden
Shelley
Sheppard
Shipley
Short
Sikes
Siler
Sisk
Slack
Smith, Calif.
Smith, Iowa
Smith, Miss
Smith, Va.
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Tollefson
Trimble
Tupper
Ullman
Vanik
Van Zandt
Vinson
Wallhauser

NOT VOTING—15

Buckley
Derwinski
Durno
Fino
Harrison, Va.

McDonough
McMillan
McSween
Moulder
Scott

Spence
Weaver
Williams
Willis
Wright

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. McDonough for, with Mr. Buckley against.

Mr. Weaver for, with Mr. Moulder against.

Mr. Durno for, with Mr. Willis against.

Until further notice:

Mr. Harrison of Virginia with Mr. Fino.

Mr. McSween with Mr. Derwinski.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. KILBURN. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered; and there were—yeas 251, nays 167, not voting 13, as follows:

[Roll No. 33]

YEAS—251

Abernethy
Addabbo
Addonizio
Albert
Alexander
Andrews
Anfuso
Ashley
Aspinall
Bailey
Baker
Baring
Barrett
Bass, Tenn.
Beckworth
Bennett, Fla.
Bennett, Mich.
Blatnik
Boggs
Boland
Bolling
Bonner
Boykin
Brademas
Bray
Breeding
Brewster
Brooks, La.
Brooks, Tex.
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Cannon
Carey
Casey
Celler
Chelf
Clark
Coad
Cohelan
Colmer
Cook
Cooley
Corbett
Corman
Curtin
Daddario
Daniels
Davis
Davis, John C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Dorn
Dowdy
Downing
Doyle
Dulski
Edmondson
Elliott
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton
Finnegan
Fisher
Flood
Flynt
Fogarty
Forrester
Fountain
Frazier
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Gavin
Giaino
Gilbert
Granahan
Grant
Gray

Fulton
Gallagher
Garmatz
Gavin
Giaino
Gilbert
Glenn
Granahan
Grant
Gray
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Battin
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Beermann
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Bow
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Casey
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Church
Clancy
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Cunningham
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Curtis, Mo.
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Derwinski
Devine
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Gubser
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Mason
May

Meader
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Pelly
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Robison
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Roudebush
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Rutherford
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Schadeberg
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Springer
Stafford
Stephens
Taber
Teague, Calif.
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Thomson, Wis.
Tuck
Utt
Van Pelt
Weis
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Wharton
Whitten
Whinnall
Williams
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Wilson, Ind.
Winstead
Younger

NOT VOTING—13

Buckley
Cannon
Durno
Fino
Harrison, Va.

McDonough
McSween
Moulder
Scott
Spence

Weaver
Willis
Wright

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Buckley for, with Mr. McDonough against.

Mr. Fino for, with Mr. Weaver against.

Mr. Willis for, with Mr. Durno against.

Mr. Spence for, with Mr. Scott against.

Mr. Moulder for, with Mr. Harrison against.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may be privileged to revise and extend their remarks and to include extraneous mat-

mous agreement. I should like to reserve this right as best I could. I have not had an opportunity to discuss it with anyone because I was called about it from the other side within the last 10 minutes.

Mr. McCORMACK. I can understand that fact.

Mr. HARRIS. The expiration date of the act is March 31. We do think it is quite important, if we can, to get it through. I would think it would certainly be noncontroversial, as far as I know.

Mr. HALLECK. Might that matter not be brought up right now?

Mr. HARRIS. No, I cannot do it because I have to agree to a conference. The other body has asked for a conference. That makes it necessary for the House to agree to the conference. Naturally it will take a little time to get the conference report back.

Mr. HALLECK. May I say that as far as I can find out on this side there will be no controversy about it. It can be disposed of tomorrow. As I understand it, we are to be in session tomorrow. I understood the majority leader's solicitude for the Members, but as far as I am concerned I would hope that we could dispose of the matter tomorrow.

Mr. McCORMACK. Of course, we are faced with a situation where we have to act. With the permission of the minority leader and the Members of the House, I should like to correct the statement I made to the gentleman from Iowa and say that in view of the information given to the leadership of the House by the distinguished gentleman from Arkansas that conference report will be brought up tomorrow. I never break an agreement, so I ask the Members of the House to permit me to correct this statement I made heretofore.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CORRECTION OF THE RECORD

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to correct the RECORD as follows: On page 4153 of the RECORD of March 21, 1961, in the middle column, the next to last paragraph on the page, the second sentence should read as follows:

This is not intended to affect any processed sugar presently in the country under authorization for release by the Department of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENDING LOAN GUARANTEE AUTHORITY OF INTERSTATE COMMERCE COMMISSION

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 1163) to amend section 510 of the Interstate Commerce Act so as to extend for 15 months the loan guarantee authority of the Interstate Commerce Commission,

with amendments of the Senate thereto, disagree to the amendments of the Senate and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? (After a pause.) The Chair hears none, and appoints the following conferees: Messrs. HARRIS, WILLIAMS, and SPRINGER.

BILL TO ENCOURAGE PRACTICAL NURSE TRAINING

Mr. CURTIS of Missouri. Mr. Speaker, I take great pleasure in joining other members of this House in introducing legislation to encourage the training of practical nurses by continued Federal participation in the financial support of these vocational training programs. The question of health care in our society and the cost of this care must always be a matter of concern to the Congress and I believe that this is truly a constructive step toward improving health care for our people and providing it at a lower cost by action of the Federal Government.

The practical nurse occupies an important position in the health care team—the doctor, the registered nurse, therapists, hospital administrators, and others round it out. Hospitals, nursing homes, and other health facilities have need for the skills which a practical nurse can offer. In many cases, the practical nurse can replace a registered nurse in certain functions, leaving the registered nurse free for the accomplishment of higher skilled jobs. The concept of our health care team, the combined skills of many individuals using the techniques and facilities available which have given America the best health care of any society at any time, is one which has an important place for the practical nurse.

And this has an effect on the cost of medical care. Those services which the practical nurse performs, rather than having them left to the registered nurse, can be performed more cheaply. Thus, the freeing of the registered nurse to cover more patients gives better care for our people and the utilization of practical nurses wherever possible lowers the cost of care.

The extension and improvement of the training of practical nurses, with the resultant benefits of it, form one part of a program for the improvement of health care services and the lowering of their costs. In the last Congress, I sponsored an amendment to the National Housing Act which made FHA loans available for the construction of nursing homes. The response to this new feature of the FHA program has been heartening and hundreds of those who need nursing home care will be accommodated in homes built under this program. And, because the financing costs of the home will be lower, the cost to the patient will likewise be less.

There are further areas into which the Federal Government might go to make truly constructive advances in our program of health care. One of these areas is that of home care and the visiting

nurse program. Just as nursing homes can care for many of the patients who might otherwise be sent to hospitals, many persons can be treated at home, and often best treated in the surroundings of their family. Costs of this care is less than that of the nursing home or the hospital. Adequate care, based upon the work of the visiting nurses and the training which she can give to the family in caring for the patient, given in the home is a part of the health care services of our society and should be encouraged and supported by the Government.

It is my hope that the Congress will extend the Federal participation in the practical nurse training program and will look into the other forms of health care which can be used to improve this country's system of health services.

AMENDMENT TO EQUALIZE TAXATION FOR THE REDEMPTION OF PREFERRED STOCK

Mr. CURTIS of Missouri. Mr. Speaker, I have today introduced an amendment to section 302(b) of the Internal Revenue Code of 1954 dealing with the income tax treatment of funds received in redemption of paid-for preferred stock.

Preferred stock is, in reality, a cross between common stock with its characteristics of ownership and bonds. Under the law, in certain cases redemption of preferred stock is treated for tax purposes as the return of capital, in others this redemption of the same stock is treated as dividends and taxed accordingly. Those preferred stockholders who either own no common stock or whose common and preferred stock are held in widely varying proportions fall into the first category. On the other hand, those stockholders who own the common and preferred stock of a corporation in what is called "substantially" proportionate ratios fall into the second category. This denies the idea that one man may have two distinct relationships with a corporate entity. For example, this same reasoning is not applied to an individual who holds both the common stock and the bonds of a corporation and whose bonds are paid off, so long as the bonds represent true indebtedness and the equity capital is sufficient for the needs of the corporation.

My amendment to the Internal Revenue Code would end this capricious distinction between the treatment of the proceeds of the redemption of preferred stock in the differing situations cited and would permit this stock, insofar as it represents capital invested in money or goods, to be treated as a return of capital.

The present taxation of the income derived from the redemption of preferred stock as dividend income turns some corporations, especially closely held family corporations, to debt financing rather than equity financing when further investment is needed. A change in the system of taxation of the redemption proceeds of paid-for preferred stock would have the beneficial effect of making equity financing more attractive to

the corporation and would, in the long run, produce greater tax revenues.

The taxation of capital return, as distinguished from interest or dividends paid on that capital, is contrary to our Constitution. This amendment would assure proper tax treatment for the redemption of all preferred stock.

PROPOSAL FOR THE DEVELOPMENT OF THE CURRENT AND ELEVEN POINT RIVER AREA OF MISSOURI

Mr. CURTIS of Missouri. Mr. Speaker, I have today introduced a bill which would establish the Ozark Scenic Riverways, an area of natural beauty and recreation in the Ozark River area of Missouri. This Scenic Riverway would be administered by the U.S. Forest Service as a part of the Clark National Forest in southern Missouri. I believe that action should be taken to preserve the natural beauty of this region and to develop it for the recreational use of all Americans.

In the last Congress, I introduced legislation for this area similar in purpose but with the National Park Service rather than the Forest Service playing the guiding role. In this Congress my colleague from Missouri [Mr. ICHORD] has introduced this proposal as H.R. 5712. It would establish an Ozark Rivers National Monument as part of the national park system and is designed to accomplish the same ends as the Scenic Riverways proposal.

I believe that it is only proper that the Interior and Insular Affairs Committee of this House have the opportunity to look into the alternative proposals for the development and preservation of this region and, for this reason, I wish to bring this second approach to its attention. I offer this bill in the belief that it is only by weighing the different approaches that the best final solution can be achieved. The important thing is that the Congress find a workable program by which the purposes outlined in both approaches can be achieved. I will be happy to support any workable program that the committee can draft, for it is the result and not which of the alternative methods of achieving it is used that is the important thing.

Along with a plea that the Congress give sympathetic hearing to this general proposal, I would like to highlight one of its features which opens a new approach to the very important job of administering recreational areas for the people of this country who are looking for healthy, enjoyable activity to round out their ever increasing leisure hours. This feature deals with the acquisition and management of strip property—such as riverfront property—as part of a coordinated recreational area program.

My bill would provide for the acquisition of easements, rather than fee title, on land bordering streams and rivers that are part of the Ozark Scenic Riverways. These easements would establish cooperative development areas, areas in which the purposes of the individual owner and the recreational management would be jointly developed. Use of the

land not inconsistent with the purposes of the recreational area would be left open to the owners of it; they would be paid for the limitation on the full free use of the land but in the long run it would be less costly than acquisition of the land by the Government. This would be similar to the setback laws which are common features in municipal ordinances. The property owner must abide by the regulation that his house cannot be built closer to the street than, say, 20 feet. A man's front yard is still his own, and he can use it as his own except that he cannot build his house closer to the street than a set distance. The setback idea leaves ownership in the individual and provides only minimal restrictions on his land usage.

Together with this feature, my bill, and also the bill embodying the Park Service approach, provide for an advisory commission made up of interested individuals on the local, State and National level to advise the managing authority on matters pertaining to the area. Both also make provision for multiple use, including hunting and fishing. Payment in lieu of taxes for the land taken is also covered by the two bills.

The Ozark rivers area of Missouri can be a wonderful recreation area as well as a region of great natural beauty. To make these two elements of the Ozark rivers available to everyone and to protect and develop them, some program must be put into effect. I urge the Congress to study this matter thoroughly and present a program behind which those interested can join in this most worthy purpose.

DEPRESSED AREA BILL

Mr. WHALLEY. Mr. Speaker, I intend to support the Depressed Area bill, S. 1, which certainly is necessary to the State of Pennsylvania, due to the fact that Pennsylvania has more depressed areas than any other State.

Unemployment in Pennsylvania has increased from 300,000 in 1954 to more than 500,000 at the present time. Moreover, Pennsylvania paid almost \$300 million for unemployment benefits in 1960, and approximately \$200 million for public assistance.

Pennsylvania has already tried to help itself with its unemployment problem. As a member of the Pennsylvania State Senate, I cosponsored the Pennsylvania Industrial Development Act—PIDA—in 1955. Since that time, Pennsylvania has made 145 loans—total \$17½ million—to local communities for new factory buildings; 26,000 new jobs have been created with a \$100 million annual payroll. Now it is time for Federal aid.

The Federal Depressed Area bill will supply facilities and factory shell buildings. It will also contain a very strong anti-pirating section, which will prevent industries from being moved from one part of the country to another.

My principal concern is: Where will we get the industries and the jobs to put our unemployed back to work, even though S. 1 makes facilities and factory buildings possible?

The administration has just announced a \$2 billion increase in defense spending, primarily for missiles. The administration has said that the Nation's depressed areas are one of its major problems.

Here is an opportunity for the administration to kill two birds with one stone by placing a major part of the \$2 billion additional defense spending in the depressed areas. Industry and jobs will be supplied to put most of the unemployed back to work. The results will be phenomenal.

DEPRESSED AREA BILL

Mr. HARVEY of Indiana. Mr. Speaker, in recent months there has been increased attention focused on our unemployment situation. While I am not unaware of the unemployment figures, I am prompted to question the administration's approach to the solution of this problem. Federal aid to depressed areas, if adopted, would only be a forerunner of a tremendous expansion in Federal expenditures for future generations of taxpayers. Enactment of this proposal would create a "pie in the sky" atmosphere for the people of many of our communities now suffering from underdevelopment or adverse unemployment. The false security promised by passage of this proposal would only add to the feelings of frustration which exist among the 5 million unemployed. We must not destroy their faith in what the future holds for them, no matter how much emphasis the politicians have placed on passage of this proposal. Legislation of this type is destined to place the Federal Government in a position of discriminating between certain areas, by using tax resources from one area to promote economic growth in another. Legislation of this type cannot solve a community's unfavorable labor climate, which is one of the determining factors in redevelopment. Federal aid to depressed areas will not be able to determine the nearness of a market for a certain product nor will building a factory necessarily create a market. It is my feeling that the Federal Government should be more concerned with removing itself from the problems of business rather than interceding in an already complex dilemma.

CALLING FOR REPEAL OF DISCLAIMER AFFIDAVIT REQUIREMENT IN NATIONAL DEFENSE EDUCATION ACT

Mr. LINDSAY. Mr. Speaker, I have reintroduced in the House of Representatives a bill calling for the repeal of the disclaimer affidavit requirement in the National Defense Education Act. I pressed for this amendment in the 86th Congress and I regret it did not pass. The disclaimer affidavit is offensive. I rebel against this kind of requirement. It is a form of test oath which does violence to the principles for which our forefathers fought. This so-called safeguard alienates the good will of our loyal

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of March 30, 1961
87th-1st, No. 56

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HIGHLIGHTS: Senate agreed to conference report on supplemental appropriation bill. Sen. Williams, Del., charged USDA with lowering corn price. Rep. Coad criticized Mexican farm labor program.

SENATE

1. **THIRD SUPPLEMENTAL APPROPRIATION BILL, 1961.** Agreed to the conference report on this bill, H. R. 5188, and acted on amendments in disagreement (pp. 5007-17). This bill will now be sent to the President. See Digests 55, 46 and 38 for items of interest to this Department.
2. **CORN PRICES.** Sen. Williams, Del., charged that this Department was "rigging the feed grain market, or the price of corn on the exchange, under the recent authority which the Department of Agriculture was given under the Kennedy administration's feed grain bill." He contended that the Department "plans to drive the cash corn price down to \$1 a bushel in order ... to encourage ... the American farmers who are producing corn to come under the umbrella of the Government's new farm program." pp. 5009-10
3. **DEPRESSED AREAS.** Conferees were appointed on S. 1, to provide aid for depressed areas (pp. 4996-5001). House conferees have not yet been appointed.
4. **WATER RESOURCES.** Sen. Carroll commended the President for supporting the Fryingpan-Arkansas water diversion project in Colo., and inserted a Colo. Legislature resolution favoring the project. pp. 4989-90
Sen. Kuchel inserted his address before the Calif. Municipal Utilities Assoc. discussing water resource development in Calif. pp. 5026-8

5. RESEARCH. Sen. Humphrey submitted for printing the reports of the Government Operations Committee on studies of interagency coordination in medical and other scientific programs. p. 4990
6. BUDGET. Sen. McGee inserted a newspaper article discussing the difficulties involved in trying to balance the budget. p. 5017
7. GRAPES. Sen. Kuchel discussed the importance of grapes to the economy of Calif. pp. 5020-1
8. PEACE CORPS. Sen. Hart commended the establishment of a Peace Corps. pp. 5034-7
9. FOOD FOR PEACE. Sen. Humphrey commended the Food for Peace program and discussed the importance of food in our international relations. He inserted an article, "Food For Peace Plan May Be Reorganized," and stated he favored attaching the program "to the highest office in the land, namely, the White House." pp. 5039-41
10. LEGISLATIVE PROGRAM. Agreed to a concurrent resolution to provide that when the House adjourns Thurs., Mar. 30, it shall stand adjourned until Mon., Apr. 10 (p. 5007). Sen. Mansfield stated that the minimum wage bill will probably be considered Apr. 12 and 13 (pp. 4987-8).
11. ADJOURNED until Mon., Apr. 3. p. 5042

HOUSE

12. RECLAMATION. Rep. Harding spoke in favor of, and inserted a memorial from the Idaho legislature supporting, the Burns Creek project. The issue was discussed by others also, and hearings were announced for Apr. 17 and 19. pp. 5051-3
13. EDUCATION. Rep. Pucinski spoke favoring certain kinds of Federal aid to church-related schools and inserted a report discussing in part the school lunch program, the special milk program, forestry research, and the use of national forest land for the erection of schools. pp. 5054-70
14. FARM LABOR. Rep. Coad spoke opposing the extension of Public Law 78 to allow the legal importation of Mexican workers for employment on U. S. farms, saying that it "raises serious moral, social, and economic issues." He favored H. R. 6032 to place limitations on such imports. pp. 5070-1
15. APPROPRIATIONS. Rep. Tollefson inserted an article by Rep. Pelly condemning the "Treasury's unlocked 'Back Door.'" Rep. Pelly opposed borrowing authority by such agencies as CCC, REA, and FHA, and "the financing of continuing operations with agency receipts derived from such operations without the regular annual review and action by the Congress." p. 5075
16. FOREIGN AID. Received a report from the Comptroller General reviewing the mutual security program presented to Congress for fiscal year 1961, and containing "requests for authorization and appropriation of funds for economic assistance to foreign countries proposed under the 1961 mutual security program." p. 5083
17. ADJOURNED until Mon., Apr. 10. p. 5083

the Cheli Air Force Depot by private enterprise in keeping with the neighboring industries and businesses, and believes that said objective and the earliest development will be facilitated by a single developer; and

Whereas the Planning Commission of the City of Bell has recommended that the Cheli Air Force Base Depot area be zoned for industrial use; and

Whereas it appears that Chanslor-Western Oil & Development Co., an affiliate of the Atchison, Topeka & Santa Fe Railway Co. donated said property to the United States at the commencement of World War II and is seeking the enactment of legislation making possible the return of said property to it on the principles set forth in the Surplus Property Act of 1944 which expired in 1949; and

Whereas the members of the city council are familiar with the character of the industrial development by the Santa Fe in the area of the central manufacturing district, principally the area formerly known as Vail Field, adjacent to the Cheli Air Force Depot, and believes that a similar development of the Cheli Air Force Depot property would be of great benefit to the people residing in the southeast area of Los Angeles County, including the community of the city of Huntington Park, because this would provide many additional jobs for the people in this area as well as additional assessed valuation for local tax purposes; Now, therefore, be it

Resolved by the City Council of the City of Huntington Park, That it favors the enactment by the Congress of legislation making it possible to return the Cheli Air Force Depot property to Chanslor-Western Oil & Development Co., a subsidiary of the Atchison, Topeka & Santa Fe Railway Co., on such fair and equitable terms as are consistent with the principles of the Surplus Property Act of 1944; be it further

Resolved, that the city clerk is hereby directed to transmit a copy of this resolution to Senator THOMAS H. KUCHEL, Senator CLAIR ENGLE, and to Congressmen for the southeast area of Los Angeles County and to the appropriate congressional committee or committees to which such legislation may be referred for consideration.

A RESOLUTION OF THE HUNTINGTON PARK CHAMBER OF COMMERCE, HUNTINGTON PARK, CALIF.

Whereas the program of the Chamber of Commerce of the City of Huntington Park is interested in development and welfare of the general area; and

Whereas it is for the best interest of the area to provide a favorable business climate through a tax structure and increased job opportunities for the people of the area; and

Whereas the Chamber of Commerce of the City of Huntington Park encourages the development of Cheli Airbase to maintain and increase job opportunities in the southeast area; and

Whereas the Chanslor-Western Oil & Development Co., an affiliate of the Atchison, Topeka & Santa Fe Railroad Co., donated the property now comprising said Cheli Airbase as part of the war effort in 1943-44 to the U.S. Government and is now seeking legislation for the return of said property on the principles of the Surplus Property Act of 1944, which expired in 1949, and

Whereas the Huntington Park Chamber of Commerce feels that the Santa Fe Railroad has proven its ability in industrial land development; and

Whereas the industrial development of Cheli Airbase would provide additional employment and broaden the tax base by increasing the assessed valuation: Now, therefore, be it

Resolved by the Huntington Park Chamber of Commerce of the City of Huntington Park, That it favors the enactment of legislation

by the Congress of the United States to return the property presently comprising the Cheli Airbase to the Chanslor-Western Oil & Development Co., a subsidiary of the Atchison, Topeka & Santa Fe Railroad Co., on fair and equitable terms under the principles of the Surplus Property of 1944; be it further

Resolved, That the manager of the Huntington Park Chamber of Commerce transmit copies of this resolution to the U.S. Senators representing California and to the Members of Congress representing the southeast area of Los Angeles County.

REDUCTION OF POSTAGE RATES ON CERTAIN PARCELS FOR RELIEF PURPOSES

Mr. HART. Mr. President, from time to time I have received inquiries from private groups interested in sending relief supplies to individuals and organizations overseas. Almost without exception the individuals and groups that have contacted me have indicated that the postal rates make it extremely difficult to send relief packages to deserving individuals and groups overseas. Today I am introducing a bill proposing that whenever the President determines that a disaster has occurred in the United States or overseas, he may authorize a reduction in postage rates of relief packages being mailed to organizations or individuals in the disaster area. It is my belief that areas affected by military acts or natural disasters, such as the earthquakes which recently occurred in Peru or the severe winter of 1956 in Italy, would be examples of the kind of natural disaster where standby authority such as authorized in this bill would be the most humanitarian method of enlisting the fullest assistance of the people of the United States in alleviating the suffering of those affected.

I ask unanimous consent that the text of this bill be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1500) to authorize a reduction of postage rates on parcels containing only food, clothing, medicines, or drugs sent by mail for relief purposes, introduced by Mr. HART, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Chapter 67 of title 39 of the United States Code is amended by adding at the end thereof a new section as follows:

"§ 4556. Postage rates on relief packages

"(a) Whenever the President determines that a disaster has occurred in any area in the United States, including the territories and possessions thereof, or in any foreign country the effects of which may be alleviated by relief packages from organizations and individuals in the United States, he is authorized to reduce the rates of postage on relief packages mailed in the United States for delivery to organizations or individuals in such area or foreign country. Such reduced rates shall remain in effect for such period of time as the President may specify.

"(b) The Postmaster General shall, at the close of each fiscal year, notify the President of the loss in postal receipts to the Post Office Department caused by transmitting during such year relief packages at reduced rates provided for by subsection (a). The President shall reimburse the Post Office Department for such loss in postal receipts out of funds appropriated therefor pursuant to the authorization contained in subsection (d).

"(c) As used in this section, the term 'relief packages' means any packages containing only food, clothing, medicines, or drugs, intended as a gift for relief purposes, and not for resale.

"(d) There are hereby authorized to be appropriated to the President such sums as may be necessary to carry out the purposes of this section."

TO PRINT AS A SENATE DOCUMENT THE REPORT OF THE MEETING OF THE CANADA-UNITED STATES INTERPARLIAMENTARY GROUP—(S. DOC. NO. 27)

Mr. AIKEN. Mr. President, I submit to the Senate a report on the meeting of the Canada-United States Interparliamentary Group, held from February 22 to 26, 1961. I ask unanimous consent that the report be printed as a Senate document.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont. The Chair hears none, and it is so ordered.

BENEFITS FOR TEACHERS IN PRIVATE NONPROFIT SCHOOLS UNDER NATIONAL DEFENSE EDUCATION ACT—ADDITIONAL COSPONSOR OF BILL

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the name of the junior Senator from Wyoming [Mr. HICKEY] be added as a cosponsor of the bill (S. 1271) to authorize certain benefits under the provisions of titles II, V, and VI of the National Defense Education Act of 1958 for teachers in private nonprofit schools, which I introduced on March 9, 1961.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Floyd M. Buford, of Georgia, to be U.S. attorney for the middle district of Georgia, for a term of 4 years, vice Frank O. Evans;

Edward F. Boardman, of Florida, to be U.S. attorney for the southern district of Florida, for a term of 4 years, vice James L. Guilmartin, resigned;

Charles A. Muecke, of Arizona, to be U.S. attorney for the district of Arizona, for a term of 4 years, vice Jack D. H. Hays, resigned;

Joseph P. Hoey, of New York, to be U.S. attorney for the eastern district of

New York, for a term of 4 years, vice Cornelius W. Wickersham, Jr.;

Joseph N. Tierney, of Illinois, to be U.S. marshal for the northern district of Illinois, for a term of 4 years, vice William W. Kipp, Sr.; and

John Terrill, of Wyoming, to be U.S. marshal for the district of Wyoming, for a term of 4 years, vice Noah W. Riley.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Thursday, April 6, 1961, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

NOTICE OF CHANGE OF DATE OF HEARING ON NOMINATION OF REYNALDO G. GARZA TO BE U.S. DISTRICT JUDGE FOR SOUTHERN DISTRICT OF TEXAS

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that the hearing on the nomination of Reynaldo G. Garza, of Texas, to be U.S. district judge for the southern district of Texas, vice James V. Allred, deceased, originally scheduled for Thursday, April 6, 1961, has been rescheduled for Friday, April 7, 1961, at 10:30 a.m., in room 2228 New Senate Office Building.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

NOTICE OF HEARING ON NOMINATION OF LA VERNE R. DILWEG, OF WISCONSIN, TO BE A MEMBER OF THE FOREIGN CLAIMS SETTLEMENT COMMISSION

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, April 6, 1961, at 10:30 a.m., in room 2228 New Senate Office Building, on the nomination of La Verne R. Dilweg, of Wisconsin, to be a member of the Foreign Claims Settlement Commission.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself as chairman.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. RANDOLPH:

Excerpts from address by Secretary of the Interior Stewart L. Udall at National Coal

Policy Conference dinner meeting, Washington, D.C., March 29, 1961.

By Mr. MUNDT:

Address entitled "The Menace of Weed Seed Imports," delivered by Roy F. Hendrickson, executive secretary, National Federation of Grain Cooperatives, before the Weed Society of America, at Denver, Colo., on February 24, 1960.

By Mr. KEFAUVER:

Address delivered by P. R. Olgiati, mayor of Chattanooga, Tenn., before the Tennessee Valley Public Power Association at Chattanooga, Tenn., on March 21, 1961.

Editorial entitled "Profit-Price Inflation," published in the March 1 issue of Justice, published by the International Ladies' Garment Workers' Union.

By Mr. CAPEHART:

Statement by Maj. Gen. Julius Klein, retired, issued March 27, 1961, giving his personal observations on German reception of the American reaction to the recent revaluation of the German mark.

Editorial entitled "Congress Must Decide," published in the Indianapolis (Ind.) Star of March 22, 1961, relating to problems of American agriculture.

By Mr. SCOTT:

Address by Edward C. First III, of Harrisburg, at National Bellamy Flag Award.

By Mr. WILEY:

Article entitled "Free World Cooperation Faces Increasing Communist Bloc Pressures," published in the Economic World for March 1961.

By Mr. KEATING:

Letter from New York State Commissioner of Education indicating support for Senate bill 205, as amended, and outlining the history to date of educational television in New York State.

By Mr. CHAVEZ:

Article entitled "Haiti Doesn't Fear Battle-ground Prospect," written by Clayton Willis and published in the Albuquerque (N. Mex.) Tribune of December 30, 1960.

AREA REDEVELOPMENT ACT

Mr. ROBERTSON. Mr. President, if the distinguished majority leader will yield to me, I wish to state that the Senate has just now received a message that the House has passed the area redevelopment bill, S. 1. I ask that the President pro tempore lay that message before the Senate.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, which was, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial

and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring employment opportunities from one area of the United States to another.

AREA REDEVELOPMENT ADMINISTRATOR

SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

REDEVELOPMENT AREAS

SEC. 5. (a) The Secretary shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per

centum for the qualifying time periods specified in paragraph (2); and

(2) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings.

Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), approved for such assistance by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed is or will be located.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

(7) Subject of section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(d)(1) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in exceptional cases, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial as-

sistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in

section 9(d)(2) of this Act, plus one-quarter of 1 per centum per annum.

(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b)(10), and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed 65 per centum of the difference between the funds which can be practicably obtained from loans (including a loan under section 7 of this Act) and from other Federal sources for such project, and the amount which is necessary to insure the completion thereof.

(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

AREA REDEVELOPMENT FUND

SEC. 9. (a) There is hereby established in the Treasury of the United States an area redevelopment fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom.

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$300,000,000.

(c) Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(d) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year—

(1) interest, on advances made to the fund for use in extending financial assistance under section 6, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under section 6; and

(2) interest, on advances made to the fund for use in extending financial assistance under section 7, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made but which shall not be more than the higher of (A) 2½ per centum per annum or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the making of such advances or commitments and adjusted to the nearest one-eighth of 1 per centum.

(e) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

(f) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF SECRETARY

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly

liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Admin-

istrator may exercise the authority vested in him under this section for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c)."

URBAN PLANNING GRANTS

SEC. 15. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

(f) In providing assistance under this section with respect to unemployed and under-

employed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made for a period not exceeding sixteen weeks, and the amount of any such payment for any week shall not exceed the amount of the average weekly unemployment compensation payment (including allowances for dependents) payable for a week of total unemployment in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary,

or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No financial assistance shall be extended by the Secretary under sections 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this

Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

ANNUAL REPORT

SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of five such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

STUDY BY SECRETARY

SEC. 27. Whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof and such installation is situated in an area in which the rate of unemployment is 6 per centum or more, the Secretary shall, upon the request of the Governor or Governors of the state or states in which the area is located, institute a study to determine the economic effects of the action which has been or is to be taken. In determining the economic effects of such action, the Secretary shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

(1) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by State and local governmental units, as a result of such action;

(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

(3) the approximate cost to the Government of relocating any such installation in the event that such installation has been, or will be, relocated; and

(4) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such installation with respect to which any such action is proposed to be taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary to the Secretary of Defense and to the Congress.

RESEARCH

SEC. 28. To assist in the long-range accomplishment of the purposes of this Act, the Secretary shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the Nation as a whole and in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

APPLICATION OF ACT

SEC. 29. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Mr. ROBERTSON. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. DOUGLAS, Mr. CLARK, Mr. PROXMIRE, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. CAPEHART, Mr. BENNETT, and Mr. BUSH the conferees on the part of the Senate.

CLOSING OF THE SNARK MISSILE BASE AT PRESQUE ISLE, MAINE

Mrs. SMITH of Maine. Mr. President, this morning, at 9 o'clock, I received from the Department of the Air Force notification that it had been decided to close the Snark missile base at Presque Isle, Maine.

Upon receiving that notification, I made a public statement on the matter; and at this time I wish to repeat the statement, here in the Senate.

I regret that in the rapidly changing character of the security and defense of our country—and specifically in the development of the missile program—the long anticipated inactivation and termination of the now outmoded Snark program and the resulting scheduled closing of the Presque Isle Air Force Base have now become realities, as a result of the decision by President Kennedy.

The far easier course for me to pursue politically would be to vigorously protest this action and, as a Republican Senator, to point out that the decision was one made by a Democratic President, and to make a political attack on the decision of President Kennedy.

The far easier course for me to pursue politically would be to demand that the now outmoded Snark program be continued, so that the Presque Isle Air Force Base be kept operating, to aid the

economy of the area and to avoid the impact and dislocation that its closing is bound to have on the economy of this area.

But in all good conscience I cannot do this, for this would simply be playing politics with our national security, our national defense, and our taxpayer's dollar. It would be submitting to the economic philosophy that our National Defense Establishment and our national security program must be operated primarily for the local economy.

I shall do what I can to help the Presque Isle area absorb the economic impact of this unpleasant decision made by President Kennedy; and while I can understand and appreciate the concern of the people of the area, I am confident that the great majority of the people of the area are not only fair-minded about this long anticipated development, but also are of such admirable self-reliance that they will meet the impact well and successfully.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mrs. SMITH of Maine. I am glad to yield.

Mr. MANSFIELD. I commend the distinguished senior Senator from Maine for the statement she has just made. To the best of my knowledge, she has never, in her many years in the Congress—and we have served together in the House as well as in the Senate—played politics with national defense or any other matter. I think her statement today is just another indication of the great work the distinguished Senator from Maine has done, and exemplifies the philosophy which has marked her through her entire political career.

Mrs. SMITH of Maine. I thank the distinguished majority leader for his usual thoughtfulness and his fair and understanding statement. I much appreciate his generous expressions.

Mr. MORSE. Mr. President, I wish to join in the remarks of the majority leader with regard to the services of the distinguished Senator from Maine [Mrs. SMITH]. I have always considered it a matter of great pride that I have been able to associate myself on so many occasions with the Senator from Maine on so many issues during our service in the Senate of the United States.

Mr. KUCHEL. Mr. President, I am happy to align myself with the comments which the distinguished majority leader has made with respect to our colleague, the distinguished and very able senior Senator from Maine [Mrs. SMITH]. Once again, with courage, she speaks with high statesmanship. This is not the first time I have had the opportunity, on this floor, to salute our colleague. Senator SMITH is a great American, not only in the efficient and productive labors which she has performed in the Senate Armed Services Committee, in which, it is conceded, she is an acknowledged expert, but in every one of the many productive labors which she performs as a Member of the Senate she has added luster not only to her own great reputation, but also to the reputation of the Senate of the United States.

It was not too many months ago that Senators on both sides of the aisle were happy to congratulate her on the longest continuous record of answering roll calls in the entire history of this parliamentary body. I am glad again, on this occasion, as the distinguished majority leader speaks as an American, to stand up and speak also as an American and to express my pride in being one of her colleagues.

I am sure neither the distinguished majority leader nor the distinguished Senator from Maine will take any umbrage whatsoever if I also say I am proud, as a Republican, to acknowledge her as a leader on this side of the aisle for progressive government in the United States.

MESSAGE OF ROMULO BETANCOURT, PRESIDENT OF REPUBLIC OF VENEZUELA, TO PRESIDENT KENNEDY

Mr. MORSE. Mr. President, I speak now as chairman of the Subcommittee on Latin American Affairs of the Senate Committee on Foreign Relations. In my judgment, Congress has a very important moral obligation, and also I think a legal obligation, to pass at a very early date the appropriation of \$500 million to which I think the Congress committed itself last year when we authorized \$500 million for an aid program, in the field of social progress, to Latin America.

A United States delegation went to the Bogotá Conference last fall based primarily, may I say, so far as its commitments at the Bogotá Conference are concerned, on that authorization. The record of that conference shows that the then Under Secretary Douglas Dillon and two congressional delegates from this body, the Senator from Iowa [Mr. HICKENLOOPER] and the senior Senator from Oregon, made clear this authorization of \$500 million had been passed by the Congress and that it undoubtedly would be followed in this session of Congress with an appropriation.

The Congress should know that there are arising in Latin America some serious doubts and some pertinent questions as to whether or not Congress is going to fulfill its obligations.

My plea today is for early consideration, in both branches of Congress of passage of the appropriation of \$500 million, on the basis of which the Bogotá Act was adopted at the conference in Bogotá, Colombia, last September.

In many countries in Latin America there are very serious situations developing, and some persons have said Venezuela is one of the key Latin American countries in the great contest between freedom and totalitarianism in Latin America.

There has been sent to me, in my capacity as chairman of the subcommittee on Latin American affairs, a message which the President of Venezuela, President Betancourt, has sent to the President of the United States. This is not a confidential memorandum, but is a memorandum of full public knowl-

edge in Venezuela, and also of knowledge in various parts of the United States. In it, the President of Venezuela, very frankly and objectively, has called to the attention of the President and of the American people, some of the problems that confront Venezuela. I ask unanimous consent that the memorandum be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

TEXT OF THE MESSAGE OF ROMULO BETANCOURT, PRESIDENT OF THE REPUBLIC OF VENEZUELA, TO HIS EXCELLENCY JOHN F. KENNEDY, PRESIDENT OF THE UNITED STATES OF AMERICA, TRANSMITTED BY CABLE TO THE EMBASSY OF VENEZUELA IN THE UNITED STATES OF AMERICA

MIRAFLORES, CARACAS,
March 23, 1961.

His Excellency JOHN F. KENNEDY,
President of the United States of America,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT AND FRIEND: I have had an opportunity to read your address of March 13, 1961, delivered at the White House to the representatives of the Latin American governments. This affirmative message, which clears the way toward better inter-American comprehension and understanding, was delivered just 2 days after I had fulfilled my constitutional obligation to present an annual message to the Congress of the Republic of Venezuela. In that document I said clearly and sincerely that your first steps as Chief of State of the United States were an indication of a change of direction in U.S. conduct toward Latin America. I wish to transcribe for you the statements I made to the Venezuelan Parliament and nation, because they show how democratic government officials in this hemisphere are disposed to adopt a receptive, responsible attitude of optimism when the White House begins to speak a language that has not been heard since the days of Franklin Delano Roosevelt.

After referring to the message your Secretary of State sent to the Congress of the United States, urging it to make a legislative pronouncement regarding Dominican sugar that would be in accord with the concrete resolutions of the sixth meeting of Consultation of Ministers of Foreign Affairs, I continued:

"This attitude of President Kennedy is one more indication that the present President of the United States and his group of assistants are on the way toward correcting the repeated mistakes made by previous American administrations. In his inaugural address President Kennedy called on the peoples of America to join an 'Alliance for Progress' and said explicitly that his country desired 'to convert good words into good deeds * * * and to assist free governments in casting off the chains of poverty.' The peoples of Latin America aspire to nothing more and to nothing less * * * The contacts I have already had with personal representatives of the present President of the United States lead me to believe that his administration will be receptive to the views which I have stated with clarifying frankness. And I can assure you that the task force chosen by the President of that country to coordinate its Latin American policy comprises men with whom I have ties of friendship and whom I know to be sincere in their desire for positive cooperation with our nations."

Some of the questions stated in my speech, which were a synthesis of anxieties noted not only in Venezuela but in other Latin American nations among whose

people I have lived, are answered in your message of March 13, in which you outline 10 very concrete points to provide a basis of acts rather than promises for your "Alliance for Progress" program. The fulfillment of that plan will make it possible for this decade—unlike the last decade, which was one of frustration of Latin American hopes and deterioration of relations between the United States and the other Americas—to be a period of accelerated economic, social and cultural progress in the vast underdeveloped portion of the hemisphere, and of real understanding and friendship among the peoples and governments.

Your idea and that of your associates, that foreign contribution to the development of our economies and the improvement of our standards of living and of culture should be matched by our own sustained and firm efforts to help ourselves, is also widespread in Latin America. The time when it was possible for loans or financing to be solicited abroad for the sole benefit of governmental authorities lacking administrative ethics and of privileged minorities is coming to an end.

Honesty in the management of public funds is already a rule of conduct of many governmental authorities, and the idea is growing daily in Latin America that there should be a revolution, accomplished through agrarian reform and the extension of the economic, social, and cultural advantages of civilization to the millions of people who are today deprived of everything that makes life worth living. Such a revolution would be entirely within the bounds of law. It can be accomplished by evolutionary methods, without breaking the ties and commitments of the regional system we have established in the Organization of American States.

The stabilization of prices of our raw materials, the long-term reimbursable loans for economic development plans, and other measures mentioned in your message are requisites essential to a future solution of the problems of underdevelopment, a technical term which for easier understanding we might define as problems of poverty and misery that plague millions of Latin Americans. Together with the planning and the long-term credit, bold and speedy measures to meet economic, fiscal and social problems whose solution must be delayed and to which priority must be assigned, are imperative.

These immediate problems are found in all the countries of the hemisphere. In some of them, convalescing from prolonged tyrannies, it is necessary, for the very stability of the democratic regime faced with its obstinate enemies, to prove to the people that systems based on law, which respect human liberties, are more appropriate not only for promoting human dignity but also for seeking a solution of their crushing common problems.

I also wish especially to mention that part of your message in which you refer so explicitly to the need for all the American nations to have systems of government guaranteeing the freedoms of the people.

If the Charter of the Organization of American States, of which I had the honor to be one of the drafters at the Ninth Inter-American Conference, held in Bogotá, is correctly interpreted, only representative governments that result from free elections, respect human rights, and guarantee human freedoms can belong to our juridical regional community. To give this rule greater force, the Government of Venezuela plans to present at the forthcoming Quito Conference a draft of an additional accord specifying and requiring that only such governments may belong to the regional community.

Accept, Mr. President, the renewed assurances of my esteem and friendship.

[COMMITTEE PRINT]

APRIL 4, 1961

Committee on Banking and Currency
United States Senate

In the House of Representatives, U. S.,

March 29, 1961.

Resolved, That the bill from the Senate (S. 1) entitled "An Act to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas", do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:
That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and

their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring employment opportunities from one area of the United States to another.

AREA REDEVELOPMENT ADMINISTRATOR

SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act

as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all *ex officio*: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a

Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

REDEVELOPMENT AREAS

SEC. 5. (a) The Secretary shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

(2) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

(b) The Secretary shall also designate as “redevelopment areas” those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the

current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) *As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.*

LOANS AND PARTICIPATIONS

SEC. 6. (a) *The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in exceptional cases, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another.*

(b) *Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:*

(1) *The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in*

redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), approved for such assistance by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed is or will be located.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made

hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: Provided, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(d)(1) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in exceptional cases, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular proj-

ect, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is non-governmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by non-governmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior

to the lien or liens securing such Federal financial assistance; and

(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: Provided, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public non-profit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment;
and

(5) such area has an approved economic develop-

ment program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(d)(2) of this Act, plus one-quarter of 1 per centum per annum.

(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b)(10), and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed 65 per centum of the difference between the funds which can be practicably obtained from loans (including a loan under section 7 of this Act) and from other Federal sources for such project, and the amount which is necessary to insure the completion thereof.

(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing

facilities or through an expansion which it is prepared to undertake.

(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

AREA REDEVELOPMENT FUND

SEC. 9. (a) There is hereby established in the Treasury of the United States an area redevelopment fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom.

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$300,000,000.

(c) Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(d) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year—

(1) interest, on advances made to the fund for

use in extending financial assistance under section 6, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary under section 6; and

(2) interest, on advances made to the fund for use in extending financial assistance under section 7, at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made but which shall not be more than the higher of (A) $2\frac{1}{2}$ per centum per annum or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the making of such advances or commitments and adjusted to the nearest one-eighth of 1 per centum.

(e) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by

applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

(f) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this

Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF SECRETARY

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information,

suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he

shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer

or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed

may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such desig-

nation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: Provided, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

“REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

“SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a ‘municipi-

pality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

“(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the

redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: And provided further, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

“(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

“(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c).”

URBAN PLANNING GRANTS

SEC. 15. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b) (10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those un-

employed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) *The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.*

(e) *There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.*

(f) *In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations.*

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) *The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or*

underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made for a period not exceeding sixteen weeks, and the amount of any such payment for any week shall not exceed the amount of the average weekly unemployment compensation payment (including allowances for dependents) payable for a week of total unemployment in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to

title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money,

property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine

of not more than \$10,000 or by imprisonment for not more than five years, or both.

*EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
EMPLOYEES*

SEC. 19. No financial assistance shall be extended by the Secretary under section 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), and every such employee shall receive compensation at a rate not less than one and one-half

times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

ANNUAL REPORT

SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Sec-

retary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such

manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: Provided, That not to exceed a total of five such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

LOANS TO STATE AND LOCAL DEVELOPMENT COMPANIES

SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

STUDY BY SECRETARY

SEC. 27. Whenever the Department of Defense announces plans to deactivate or is in the process of deactivating any permanent military installation or major unit thereof and such installation is situated in an area in which the

rate of unemployment is 6 per centum or more, the Secretary shall, upon the request of the Governor or Governors of the state or states in which the area is located, institute a study to determine the economic effects of the action which has been or is to be taken. In determining the economic effects of such action, the Secretary shall, among other relevant matters, consider and make findings with respect to the approximate amount of money which has been, or may reasonably be expected to be, saved by any department or agency of the Government as a result of such action, compared with—

(1) the approximate costs or losses which have been, or may reasonably be expected to be, incurred by other departments or agencies of the Government, or by state and local governmental units, as a result of such action;

(2) the approximate losses which have been, or may reasonably be expected to be, incurred by private interests as a result of such action in connection with any facilities which they have provided to serve the needs of any such installation and which would otherwise have to be provided in whole or in part by the Government;

(3) the approximate cost to the Government of relocating any such installation in the event that such installation has been, or will be, relocated; and

(4) the approximate cost to the Government of reactivating, in a national emergency or other contingency, any such installation with respect to which any such action is proposed to be taken.

Any such study shall be conducted as expeditiously as practicable, and the findings resulting therefrom shall be transmitted by the Secretary to the Secretary of Defense and to the Congress.

RESEARCH

SEC. 28. To assist in the long-range accomplishment of the purposes of this Act, the Secretary shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the Nation as a whole and in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

APPLICATION OF ACT

SEC. 29. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Attest:

Clerk.

[COMMITTEE PRINT]

APRIL 4, 1961

87TH CONGRESS
1ST SESSION

S. 1

AMENDMENT

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued April 13, 1961
For actions of April 12, 1961
87th-1st, No. 61

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HIGHLIGHTS: Senate committee reported minimum wage bill. Sen. Metcalf commended and inserted Secretary's speech.

SENATE

1. MINIMUM WAGE. The Labor and Public Welfare Committee reported with an amendment in the nature of a substitute H. R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage to \$1.25 an hour (S. Rept. 145). pp. 5233-6
2. FARM LABOR. Sen. Javits commended the Migratory Labor Subcommittee of the Senate Labor and Public Welfare Committee for beginning hearings on legislative proposals relating to migratory farm labor, stating that "it is a program that will and quite properly should provoke honest debate, reasonable differences of opinion and assertions of varying self-interests," and inserted an address by Sen. Williams, N. J., before the National Farm Labor Conference discussing the various farm labor bills to be considered by the subcommittee. pp. 5314-6
3. CONSUMERS. Sen. Neuberger commended Secretary Freeman's address at the University of Illinois Farm and Home Festival in Urbana, Ill., particularly his remark that "consumers should and will have an important voice in the formulation of new farm programs," and she inserted a release of this Department summarizing the Secretary's remarks. pp. 5313-4

4. PUBLIC WORKS. Sen. Dirksen inserted a letter he had received expressing concern by engineers in private practice "over the misconceptions apparent in the discussions about the cost of engineering done on public works projects," pp. 5275-6
5. PERSONNEL. Received from the Civil Service Commission proposed bills to: "amend the act of August 23, 1958, an act to clarify the application of section 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain employees in cases involving downgrading actions"; "amend the disability retirement provisions of the Civil Service Retirement Act"; and "amend section 4 of the Government Employees Training Act"; to Post Office and Civil Service Committee. p. 5230
6. DEPRESSED AREAS. Received a Wisc. Legislature resolution favoring enactment of S. 1, the depressed areas bill. p. 5230
7. FOREIGN CURRENCIES. Received from the Interstate and Foreign Commerce Committee and the Joint Committee on Atomic Energy reports on the use of foreign currencies in connection with foreign travel by Members and employees of the committees. pp. 5236-42
8. PATENTS. Sen. McClellan announced that the Subcommittee on Patents, Trademarks, and Copyrights of the Judiciary Committee would commence hearings Apr. 18 on S. 1084 and S. 1176, dealing with Government patent policy. p. 5266
9. WATER RESOURCES. Sen. Kefauver inserted several items discussing the proposal for an International Water Year. pp. 5288-90
10. COFFEE. Sen. Fong inserted an editorial, "Coffee Headaches," discussing the difficulty of stabilizing the price of coffee. p. 5290
11. PEACE CORPS. Sen. Humphrey inserted a recent What America Thinks poll indicating that most Americans support the establishment of a Peace Corps. p. 5295
12. NOMINATIONS. Received the nominations of Julian R. Thayer and Joe B. Zeug to be members of the Federal Farm Credit Board, Farm Credit Administration. p. 5318
13. COMMITTEES. The Rules and Administration Committee voted to report (but did not actually report) S. Res. 117, to change the name of the Committee on Interstate and Foreign Commerce to the Committee on Commerce. p. "236

HOUSE

14. DEPRESSED AREAS. Conferees were appointed on S. 1, the depressed areas bill. Senate conferees have already been appointed. p. 5319
15. ECONOMIC REPORT. Rep. Curtis (Mo.) inserted the statement of the Council of Economic Advisors of Mar. 6, 1961, before the Joint Economic Committee, in which is discussed the state of the economy, housing credit, fiscal policy, policy for growth, and price stability. pp. 5329-47
16. VETERANS' LOANS. The Rules Committee reported a resolution for the consideration of H. R. 5723, to extend the veterans' guaranteed and direct home loan program and to provide additional funds for the veterans' direct loan program. p. 5350

House of Representatives

WEDNESDAY, APRIL 12, 1961

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

From one of the greatest of all the penitential psalms, Psalm 51: 10: *Create in me a clean heart, O God; and renew a right spirit within me.*

Eternal God, in this moment of prayer, may our spirit be brought into tune with Thy Spirit and receive the needed strength and wisdom for the duties and demands of this new day.

We humbly confess that again and again we break faith with Thee and our own higher and better self by living on those lower levels to which the secular world is continually seeking to draw us.

Create within our hearts a nobler and more magnanimous spirit and endow our minds with a clear vision of that blessed day when righteousness and justice shall rule the thoughts and ways of men and nations.

Grant that some finer essence of good will and love may temper the soul of all mankind and show us how we may have a larger part in sustaining and strengthening the moral and spiritual fiber of the human race.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

AREA REDEVELOPMENT ACT

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, with House amendments thereto, insist on the House amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

The Chair hears none and appoints the following conferees: Messrs. SPENCE, PATMAN, RAINS, MULTER, KILBURN, McDONOUGH, and WIDNALL.

COMMITTEE ON RULES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight tonight to file certain reports.

PROGRAM FOR THE BALANCE OF THE WEEK

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. ARENDS. Mr. Speaker, reserv-

ing the right to object—and, of course, I shall not object—I wonder if the majority leader would be good enough to advise us as to any program for the balance of the week?

Mr. McCORMACK. Mr. Speaker, if the Committee on Rules reports out a rule on the bill for direct loans to veterans, that will be programed for tomorrow.

Also, for tomorrow we have Pan American Day. I have no information of any other legislation for the remainder of the week. I should like to make a slight reservation in case anything unexpected should arise.

Mr. ARENDS. Mr. Speaker, I thank the gentleman; and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK].

There was no objection.

SUBCOMMITTEE ON ELECTIONS, HOUSE ADMINISTRATION COMMITTEE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Elections of the Committee on House Administration have permission to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MILITARY CONSTRUCTION CONTRACTS TO "BROKER" TYPE CONTRACTORS

(Mr. SHEPPARD asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SHEPPARD. Mr. Speaker, the question of the award of military construction contracts to broker type contractors has been discussed on this floor on several occasions. It is well known that this type of contractor has been a plague to the military construction program. In this connection I would like to call to the attention of the House a recent directive of the Department of Defense which is a step in the right direction toward controlling this problem. I am inserting this directive in the Record at this point and urge each of you to give it your consideration.

The military construction program has been plagued for some time by the award of contracts to so-called broker contractors. This type of contractor is awarded a project and does little if any of the work with his own forces but performs most of it by subcontracting. He all too frequently seeks to make his profit by chiseling on the Government and sub-

contractors wherever possible. You will recall that this was discussed to some extent during the recent debate on the military construction authorization bill. The Committee on Appropriations has been aware of this problem for some time and has been working with the Department of Defense in both the Kennedy and Eisenhower administrations, to find a solution to the problem. I am happy to call to the attention of the House certain correspondence I received from the Assistant Secretary of Defense, Installations and Logistics, including a memorandum for the several services outlining action to be taken in this respect. Many of us, perhaps, would like to see more drastic action taken, but certainly this regulation is a step in the right direction and the Assistant Secretary and his staff are to be congratulated for putting it into effect. Briefly, this amendment to the Armed Services Procurement Regulations provides that the prime contractor on any construction contract shall perform with his own organization work equivalent to at least 20 percent of the total amount of the work to be performed under the contract. In the case of Armed Forces housing contracts this percentage is changed to 15 percent. It should be noted that the required percentage is the minimum amount and the actual percentage shall be the maximum consistent with the nature of the work. The contractors are also required in submitting a bid to submit a description of the work which he will perform with his own organization and the estimated cost thereof. I am inserting in the Record at this point the correspondence which has been supplied me on this matter:

APRIL 6, 1961.

HON. HARRY SHEPPARD,
Chairman, Subcommittee on Military Construction, Committee on Appropriations, House of Representatives.

DEAR MR. CHAIRMAN: We are pleased to send you the attached copies of a memorandum, dated April 1, 1961, instituting a Department-of-Defense-wide policy with regard to performance of work with own organization by construction contractors.

Sincerely yours,

THOMAS D. MORRIS,
Assistant Secretary of Defense,
Installations and Logistics.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C. April 1, 1961.

Memorandum for the Assistant Secretary of the Army (Logistics), Assistant Secretary of the Navy (Installations and Logistics), Assistant Secretary of the Air Force (Materiel), Special Assistant for Installations, Office of the Secretary of the Air Force.

Subject: Construction contracts performance and supervision of work.

Effective April 30, 1961, the clause set forth in the attachment shall be included in all construction contracts, including contracts made under the armed services housing pro-

gram, estimated to exceed \$1 million. In addition, this clause may be included in any other construction contract as may be deemed appropriate. Use of the subject clause is authorized upon receipt of this memorandum. Outstanding invitations for bids are exempt from this requirement provided resulting contracts are awarded before May 30, 1961.

The purpose of the subject clause is to assure adequate interest in, and supervision of construction work by prime contractors. However, it is also essential that the need be considered, on a case-by-case basis, for requiring adequate, specifically described supervision.

If a construction contract is to include the attached clause, invitations for bids or requests for proposals shall contain a requirement that each bidder or offeror submit with his bid a description of the work which the contractor will perform with his own organization (e.g., earthwork, paving, brickwork, or roofing), the percentage of the total work this represents, and the estimated cost thereof.

Necessary steps have been taken to coordinate action required by this memorandum with the Federal Housing Commissioner.

Appropriate revision will be made to include these instructions in the Armed Services Procurement Regulations.

Please send me a copy of instructions carrying out the requirements of this memorandum within 15 days.

THOMAS D. MORRIS,
Assistant Secretary of Defense,
Installations and Logistics.

CONTRACT CLAUSE

PERFORMANCE OF WORK BY CONTRACTOR (MARCH 1961)

The contractor shall perform on the site, and with his own organization, work equivalent to at least — percent of the total amount of the work to be performed under the contract. If during the progress of the work hereunder, the contractor requests a reduction in such percentage, and the contracting officer determines that it would be to the Government's advantage, the percentage of the work required to be performed by the contractor may be reduced; provided written approval of such reduction is obtained by the contractor from the contracting officer.

* NOTE.—The required percentage shall be the maximum consistent with customary or necessary specialty subcontracting, complexity and magnitude of the work, and shall not, under any circumstances, be less than 20 percent (15 percent in Armed Forces housing contracts).

CONSIDERATION OF CONSENT CALENDAR BILLS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD a statement of the procedure which the members of the majority and minority objectors committees on the Consent Calendar will follow in the consideration of bills on the Consent Calendar.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The statement referred to follows:

On February 7 and on March 2, respectively, the majority and minority floor leaders appointed their respective personnel of the objectors committees, Mr. McCORMACK, the gentleman from Massachusetts, appointing three members of his party and Mr. HALLECK, the gentleman from Indiana, appointing three members of his party. The objectors committees are unofficial commit-

tees of the House of Representatives, existing at the request and at the pleasure of the respective floor leaders of the two parties who, in order to facilitate the proper screening of legislation which may be placed on the Consent Calendar, designate Members of each side of the aisle charged with the specific responsibility of seeing to it that legislation passing by such procedure is in the interest of good government. The rule which is applicable to Consent Calendar procedure is rule 746 of the House Rules and Manual, found on pages 373, 374, and 375 of the Rules of the House of Representatives. The operation of such procedure is described on pages 95, 134, 135, 136, 173, and 327 of Cannon's Procedures in the House of Representatives.

For several sessions now objectors on both sides of the aisle have followed certain rules for consideration of Consent Calendar bills which they have made known to the Members at the beginning of a session. These rules are not publicized at this time to establish hard-and-fast procedures but rather to advise the Members of the House as to the manner in which the committee plans to operate throughout the 87th Congress. The members of the committees feel that generally no legislation should pass by unanimous consent which involves an aggregate expenditure of more than \$1 million; second, that no bill which changes national policy or international policy should be permitted to pass on the Consent Calendar but rather should be afforded the opportunity of open and extended debate; third, that any bill which appears on the Consent Calendar, even though it does not change national or international policy, or does not call for an expenditure of more than \$1 million, should not be approved without the membership being fully informed of its contents, providing it is a measure that would apply to the districts of a majority of the Members of the House of Representatives, in which case the minimum amount of consideration that should be given such a bill would be clearance by the leadership of both parties being brought before the House on the Consent Calendar—it has been the policy of the objectors on the Consent Calendar heretofore to put such a bill over without prejudice one or more times to give an opportunity to the Members to become fully informed as to the contents of such a bill, and the Consent Calendar objectors for the 87th Congress wish to follow like procedure; fourth, that if a bill has been placed on the Consent Calendar and the members of the committee having jurisdiction over the legislation show that it has not been cleared by the Bureau of the Budget, by the respective departments affected by such legislation, or that such reports from the committee or from the department show that the legislation is not in accord with the President's program, it should not pass on the Consent Calendar but that the chairman of the House committee having jurisdiction over the legislation should either call it up under suspension of the rules with the permission of the Speaker or should go to the Rules Committee for a rule for such legislation. While the members of the objectors' committees feel that a report from the Bureau of the Budget is necessary before a bill should be placed upon the Consent Calendar, they do not wish to take the position that the report from the Bureau of the Budget must necessarily show the approval of such legislation by the Bureau. However, if such approval is not shown, then in the consideration of the legislation, even if considered on the Consent Calendar, the chairman reporting the bill, or the sponsor of the bill, should be willing to accept the responsibility of stating to the Members the action of the Bureau of the Budget and the reasons for such action.

The members of the Consent Calendar objectors committee also feel it fair to state to the membership that it is not their purpose

to obstruct legislation or to object to bills or pass them over without prejudice because of any personal objection to said bill or bills by any one member or all of the members of the Consent Calendar objectors committee, but rather that their real purpose, in addition to expediting legislation, is to protect the membership against having bills passed by unanimous consent which, in the opinion of the objectors any Member of the House might have objection to. The members of the Consent Calendar objectors committee earnestly request that the chairman of the standing committees of the House having the responsibility for bringing legislation before the House take into consideration the contents of this statement before placing bills on the Consent Calendar. While it is not absolutely necessary that the sponsors of bills appearing on the Consent Calendar contact the various members of the Consent Calendar objectors committee, nevertheless, in the interest of saving time and avoiding the possibility of having bills laid over unnecessarily, it is good practice to do so; and the objectors welcome the continuance of the procedure of getting in touch with them at least 24 hours before the legislation is called up under the regular Consent Calendar procedure. In many instances such thoughtfulness on the part of the sponsors will clear away questions which the objectors have and consequently will make for the expeditious handling of legislation.

WAYNE N. ASPINALL,
JOHN J. MCFALL,
EDWARD P. BOLAND,
Majority Objectors.
GERALD R. FORD, Jr.,
THOMAS M. PELLY,
PHIL WEAVER,
Minority Objectors.

IMPORTS FROM CUBA

(Mr. ROGERS of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS of Florida. Mr. Speaker, I have introduced today a resolution calling on the President to halt all imports into this country from Cuba. This resolution will express to the President the will of the Congress that he act under the existing laws of the United States to stop the Cuban imports which continue to flow into this country. I, along with other Members of Congress, have urged for more than 1 year that the State Department take action on Cuban imports and have received with each request the answer that the matter is "under consideration." Our State Department has just this month issued a white paper entitled "Cuba," which stated in part:

The present situation in Cuba confronts the Western Hemisphere and the inter-American system with a grave and urgent challenge * * * the challenge results from the fact that the leaders of the revolutionary regime betrayed their own revolution, delivered that revolution into the hands of powers alien to the hemisphere, and transformed it into an instrument employed with calculated effect to suppress the rekindled hopes of the Cuban people for democracy and to intervene in the internal affairs of other American Republics * * * it is the considered judgment of the Government of the United States of America that the Castro regime in Cuba offers a clear and present danger to the authentic and autonomous revolution of the Americas—to the whole hope of spreading political liberty, economic

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: House Rules Committee cleared bill to provide additional authorization for Public Law 480. Senate committee reported bill to provide additional authorization for Public Law 480. Both Houses received and Senate agreed to conference report on depressed areas bill. Senate passed minimum wage bill. Senate confirmed Bertsch nomination. Both Houses received President's message on Federal taxation. Senate passed bill to authorize temporary reapportionment of pooled acreage allotments. Rep. Schwengel criticized farm bill.

SENATE

1. **SURPLUS COMMODITIES; FOREIGN TRADE.** The Agriculture and Forestry Committee reported without amendment S. 1027, to amend Public Law 480 so as to provide an additional authorization of \$2 billion during 1961 under title I for sales of surplus commodities for foreign currencies (S. Rept. 175). p. 5960

2. **DEPRESSED AREAS.** Both Houses received and the Senate agreed to the conference report on S. 1, the depressed areas bill (H. Rept. 256) (pp. 6006-15, 6071-77). The statement of the managers on the part of the House includes the following statements:

(over)

"DESIGNATION OF RURAL AREAS

"The conference substitute contains the following provisions, which were in the Senate bill but not in the House amendment, concerning designation of rural areas as redevelopment areas under the bill:

"1. A requirement that detailed standards for designation of such areas must be prescribed before any financial assistance is extended as a result of such designations.

"2. A provision that in making such designations consideration shall be given to the extent to which rural development projects have previously been located in such areas under programs of the Department of Agriculture.

"3. A provision that in making such designation the Secretary shall endeavor to distribute projects widely among the several States, so far as is feasible and proper, in order that actual experience with the program may be had in as many States and areas and under as many different circumstances as possible." ***

"FINANCING OF LOAN PROGRAMS

"The House amendment authorized appropriations to provide funds for loans under sections 6 and 7 of the bill. The Senate bill authorized the Secretary of the Treasury to obtain such funds through public debt transactions under the Second Liberty Bond Act. The conference substitute follows the provisions of the Senate bill in this respect but adopts the House provisions with respect to (1) the establishment of one area redevelopment fund (rather than three revolving funds as in the Senate bill), and (2) the requirement that the fund contribute to the civil service retirement and disability fund with respect to employees performing activities under sections 6 and 7." ***

"USE OF OTHER AGENCIES BY DEPARTMENT OF COMMERCE

"The conference substitute follows the language of the House bill with respect to delegation of authority by the Secretary of Commerce to other Federal agencies. The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility. It is the understanding of the conferees that the Department of Agriculture has services and facilities available of requisite competence and experience for effectively carrying out such delegation. It is, therefore, the expectation of the conferees that this delegation to the Department of Agriculture will be made promptly upon enactment of the bill." ***

"TERMINATION OF PROGRAM

"The conference substitute contains a provision that was in the Senate bill but not in the House amendment, terminating the program on June 30, 1965. It also provides for liquidation of the program after that date by the Secretary of the Treasury. The carrying out of contracts, commitments, and other obligations theretofore entered into under the program would not be affected by its termination."

AREA REDEVELOPMENT ACT

APRIL 20, 1961.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and

diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another.

AREA REDEVELOPMENT ADMINISTRATOR

SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

REDEVELOPEMENT AREAS

SEC. 5. (a) The Secretary shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged

at least 6 per centum for the qualifying time periods specified in paragraph (2); and

(2) where the Secretary of Labor finds that the annual average rate of unemployment has been at least —

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before extending any financial assistance as the result of designations under this subsection, the Secretary shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the extent to which "rural development" projects have previously been located in any such area under programs administered by the Department of Agriculture, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making the designations under this subsection, the Secretary shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) *As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.*

LOANS AND PARTICIPATIONS

SEC. 6. (a) *The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in cases of demonstrated need, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.*

(b) *Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:*

(1) *The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.*

(2) *Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.*

(3) *The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.*

(4) *No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.*

(5) *The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.*

(6) *No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.*

(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: Provided, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in cases of demonstrated need, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: Provided, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-quarter of 1 per centum per annum.

(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or asso-

ciation representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b)(10) and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

AREA REDEVELOPMENT FUND

SEC. 9. (a) To obtain funds for the purpose of extending financial assistance under sections 6 and 7, the Secretary may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 6 shall bear interest at a rate determined by the

Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 7 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

(b) Funds obtained by the Secretary under subsection (a) shall be deposited in an area redevelopment fund (hereinafter referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom. Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be paid into the Treasury as miscellaneous receipts.

(c) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

(d) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred,

allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

INFORMATION

SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF SECRETARY

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

- (1) adopt, alter, and use a seal, which shall be judicially noticed;*
- (2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;*
- (3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;*
- (4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebted-*

ness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed

may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: Provided, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for

predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: And provided further, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c)."

URBAN PLANNING GRANTS

SEC. 15. (a) Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)".

(b) Section 701(b) of such Act is amended by adding before the period at the end of the first sentence a colon and the following: "Provided, That a grant may be made under this section to a city, municipality, or county described in clause (A) of subsection (a)(3), or to a State planning agency (as provided in clause (C) of subsection (a)(1)) for the provision of planning assistance to such a city, municipality, or county, for not more than 75 per centum of such estimated cost".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall deter-

mine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

(f) In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amount of any such payment for any week shall be equal to the amount of the average weekly

unemployment compensation payment (including allowances for dependents when appropriate) payable for a week of total unemployment in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant,

commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No financial assistance shall be extended by the Secretary under section 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the

labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

ANNUAL REPORT

SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions dele-

gated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of five such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

LOANS TO LOCAL DEVELOPMENT COMPANIES

SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

RESEARCH

SEC. 27. To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

APPLICATION OF ACT

SEC. 28. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

TERMINATION OF AUTHORITY

SEC. 29. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

(b) *Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.*

(c) *The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.*

And the House agree to the same.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
Managers on the Part of the House.

PAUL H. DOUGLAS,
JOSEPH S. CLARK,
Per P. H. D.
WILLIAM PROXMIRE,
HARRISON A. WILLIAMS,
EDMUND S. MUSKIE,
HOMER CAPEHART,
Per W. F. B.
WALLACE F. BENNETT,
PRESCOTT BUSH,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The House amendment made 26 substantive changes in the Senate bill. In agreeing upon a substitute, the Senate conferees accepted 14 of these changes, while the House conferees receded on 8; compromises were reached in the other 4 cases. Except for clarifying, clerical, and technical changes, the differences between the House amendment and the substitute agreed to in conference are explained below.

"ANTIPIRATING" PROVISIONS

Both the Senate bill and the House amendment contained provisions in section 2 (statement of policy) and section 6 (authority for plant loans) barring assistance for industries relocating from one area to another. In section 2, the conference substitute provides that "under the provisions of this act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another." This follows the language of the House amendment except that the word "jobs" is used after "transferring," as in the Senate bill, rather than "employment opportunities," as in the House amendment. The conference substitute provides that assistance under section 6 shall not be used "to assist establishments relocating from one area to another." This omits the phrase "totally or partially" which was included after "relocating" in the House amendment. But the conference substitute includes the following language, which is virtually identical with language included in the House committee report, in explanation of how the prohibition is to be interpreted:

The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to

believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

DESIGNATION OF RURAL AREAS

The conference substitute contains the following provisions, which were in the Senate bill but not in the House amendment, concerning designation of rural areas as redevelopment areas under the bill:

1. A requirement that detailed standards for designation of such areas must be prescribed before any financial assistance is extended as a result of such designations.

2. A provision that in making such designations consideration shall be given to the extent to which rural development projects have previously been located in such areas under programs of the Department of Agriculture.

3. A provision that in making such designations the Secretary shall endeavor to distribute projects widely among the several States, so far as is feasible and proper, in order that actual experience with the program may be had in as many States and areas and under as many different circumstances as possible.

GEOGRAPHICAL BOUNDARIES OF REDEVELOPMENT AREAS

The Senate bill provided that areas designated as redevelopment areas for assistance under the new program could include "one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality." This provision was eliminated by the House amendment. The conferees agreed to follow the House amendment in this respect.

It is the intent of the conferees for both Houses that in designating industrial areas as redevelopment areas for assistance under the new program, the Secretary should have broad discretion. The data on eligible areas supplied to the Congress by the Labor Department during the hearings were based on existing labor market areas and the Secretary should certainly take this information into account in determining geographical boundaries of redevelopment areas.

At the same time, the conferees recognize that standard labor market area boundary lines may not be appropriate to the purposes of this act because smaller areas may be more realistic. The bill, therefore, does not necessarily require that the labor market area boundary lines be followed. It is contemplated instead that the Secretary of Commerce may establish appropriate new boundaries for redevelopment areas under the bill.

It is not, however, the intention of the conferees to authorize designation of part of a municipality as a redevelopment area in any case, but with that exception it is recognized that designation of redevelopment areas will not necessarily follow political boundary lines.

LOANS FOR MACHINERY AND EQUIPMENT

Section 6 of the Senate bill authorized loans for machinery and equipment for plants "in cases of demonstrated need." The corresponding provision of the House amendment authorized such loans "in exceptional cases." The conference substitute retains the language of the Senate bill.

APPROVAL OF APPLICANTS BY STATE

Section 6(b)(2) of the Senate bill provided for approval of applicants for section 6 loans (plant loans) by the State or political subdivision concerned, through an agency directly concerned with problems of economic development in the State or political subdivision. The corresponding provision in the House amendment required approval by the State; it did not authorize loans to applicants on the basis of approval by a political subdivision. The conference substitute conforms to the Senate bill.

INVESTMENT BY INDIAN TRIBES IN SECTION 6 PROJECTS

The House amendment provided (in sec. 6(b)(9)(B)) that a Federal loan could be made under section 6 only if at least 10 percent of the cost were invested by the State or political subdivision, or by a nongovernmental community or area organization. The Senate bill contained the same requirement except that it added "Indian tribes" to the list of organizations which might make the required 10 percent investment. The conference substitute conforms to the Senate bill.

COMPETITION WITH PRIVATELY OWNED UTILITIES

The Senate bill prohibited assistance under section 7 or 8 for public facilities which would compete with existing privately owned public utilities, unless the State regulatory body found a need for such service which the existing public utility was unable to meet now "or through an expansion which it agrees to undertake." The House amendment substituted "is prepared" for "agrees." The conference substitute retains the provision of the Senate bill.

PUBLIC FACILITY GRANTS

The Senate bill permitted grants under section 8 covering the entire difference between the cost of the project and the amount obtainable from other sources. The House amendment limited the grants under section 8 to 65 percent of the difference between the cost of the project and the amount obtainable from loans and other Federal grant programs. The conference substitute follows the language of the Senate bill.

FINANCING OF LOAN PROGRAMS

The House amendment authorized appropriations to provide funds for loans under sections 6 and 7 of the bill. The Senate bill authorized the Secretary of the Treasury to obtain such funds through public debt transactions under the Second Liberty Bond Act. The conference substitute follows the provisions of the Senate bill in

perform functions in the administration of such plan.

For purposes of this section, the term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing homes of this type, as meeting the standards established for such licensing."

On page 6, after line 4, to insert a new section, as follows:

SEC. 3. (a) Subsection (a) of section 705 of the Social Security Act is amended by striking out "four succeeding fiscal years" and inserting in lieu thereof "five succeeding fiscal years".

(b) Effective with respect to payments from allotments from appropriations made for fiscal years beginning after June 30, 1961, subsection (c) of such section is amended by striking out "80 per centum of the total of its expenditures in carrying out the purposes of this section" and inserting in lieu thereof "its costs of carrying out the purposes of this section".

After line 15, to insert a new section, as follows:

SEC. 4. Section 404 of the Social Security Act is amended by inserting "(a)" after "404." and by adding at the end thereof the following new subsection:

"(b) Any action taken, before the sixty-first day following the day on which ends the first regular session of a State's legislature which begins after enactment of this subsection, pursuant to a State statute which requires that aid be denied under the State plan approved under this title with respect to a child because of the conditions in the home in which the child resides shall not be a basis for withholding payments to such State under this title."

On page 7, after line 2, to insert a new section, as follows:

SEC. 5. (a) The heading of title IV of the Social Security Act is amended to read "TITLE IV—GRANTS TO STATES FOR AID TO FAMILIES WITH DEPENDENT CHILDREN".

(b) The heading of section 402 of such Act is amended to read "STATE PLANS FOR AID TO FAMILIES WITH DEPENDENT CHILDREN".

(c) The following provisions of title IV of such Act are amended by striking out the term "aid to dependent children" each time it appears therein and inserting in lieu thereof "aid to families with dependent children":

- (1) the second sentence of section 401;
- (2) the portion of section 402(a) which precedes clause (1);
- (3) clause (8) of section 402(a);
- (4) section 402(b);
- (5) section 403(a)(1) (except clause (A) thereof);
- (6) section 403(a)(2) (except the second time such term appears therein);
- (7) section 403(b)(2)(B);
- (8) section 404;
- (9) section 406(b);
- (10) section 1002(a)(7);
- (11) section 1402(a)(7).

(d) Clauses (4), (7), (9), and (10) of section 402(a) of such Act are each amended by striking out "aid to dependent children" each time it appears therein and inserting in lieu thereof "aid under the plan".

(e) Section 403(a)(1)(A)(i) of such Act is amended by striking out "aid to dependent children" and inserting in lieu thereof "such aid". Section 403(a)(2) of such Act is amended by striking out "aid to dependent children" the second time it appears therein and inserting in lieu thereof "such aid".

On page 8, after line 13, to insert a new section, as follows:

SEC. 6. (a) Subparagraph (C) of section 3(a)(1) of the Social Security Act is

amended by striking out "\$77" and "\$12" and inserting in lieu thereof "\$80" and "\$15", respectively.

(b) Subparagraph (B) of section 3(a)(2) of such Act is amended by striking out "\$41" and "\$6" and inserting in lieu thereof "\$42.50" and "\$7.50", respectively.

(c) The amendments made by subsections (a) and (b) shall apply in the case of expenditures made after June 30, 1961, under a State plan approved under title I of the Social Security Act.

After line 24, to strike out:

SEC. 2. (a) Effective only for the fiscal year ending June 30, 1961, the phrase "shall not exceed \$9,000,000" in section 1108 of the Social Security Act is amended to read "shall not exceed \$9,075,000", and effective only for the fiscal year ending June 30, 1962, such phrase is amended to read "shall not exceed \$9,300,000".

(b) After the amendments made by subsection (a) cease to be in effect section 1108 of the Social Security Act shall be in full force and effect as though this Act had not been enacted.

On page 9, after line 9, to insert a new section, as follows:

SEC. 7. (a) The phrase "shall not exceed \$9,000,000" in section 1108 of the Social Security Act is—

(1) effective only for the fiscal year ending June 30, 1961, amended to read "shall not exceed \$9,075,000";

(2) effective only for the fiscal year ending June 30, 1962, amended to read "shall not exceed \$9,425,000";

(3) effective for fiscal years ending after June 30, 1962, amended to read "shall not exceed \$9,125,000".

(b) Effective for fiscal years ending after June 30, 1961, such section 1108 is further amended by striking out "\$500,000", "\$315,000", "\$15,000", "\$120,000", and "\$20,000" and inserting in lieu thereof "\$625,000", "\$318,750", "\$18,750", "\$425,000", and "\$25,000", respectively.

And on page 10, after line 2, to insert a new section, as follows:

SEC. 8. Section 901(c)(1)(B) of the Social Security Act is amended by adding at the end thereof the following sentence: "Necessary expenses as used in this subparagraph (B) shall include the expense of reimbursing a State for salaries and other expenses of employees of such State temporarily assigned or detailed to duty with the Department of Labor and of paying such employees for travel expenses, transportation of household goods, and per diem in lieu of subsistence while away from their regular duty stations in the State, at rates authorized by law for civilian employees of the Federal Government."

Mr. BYRD of Virginia. Mr. President, I move that the committee amendments be agreed to en bloc and that the bill as thus amended be considered as original text.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Virginia.

The motion was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

ARBOR DAY

Mr. CURTIS. Mr. President, on Saturday Nebraska will observe the 89th anniversary of the first Arbor Day, and will do so in the usual fashion—our citizens will plant millions of trees.

Although the first Arbor Day in the United States was April 10, 1872, the Nebraska Legislature moved the date to

April 22, because that is the birthday of Arbor Day's founder, the late J. Sterling Morton, of Nebraska City, Nebr., Secretary of Agriculture under President Grover Cleveland.

I think it interesting to note that in heading the first Arbor Day sponsored by the old Nebraska Horticulture Society Mr. Morton stated that this special occasion should be "a national observance which looks to the future rather than the past."

Mr. Morton truly was a man of vision. On that first Arbor Day, at his urging, more than 1 million seedlings were planted in Nebraska soil. Today many of those seedlings are trees which provide beauty and recreation for the Nebraska countryside.

Certainly that was no false start, for within the next 12 years approximately 350 million trees and vines were set out on the prairies of Nebraska. Millions more have been planted since then.

As an incumbent in public office, the political role Mr. Morton portrayed in Nebraska and in the Nation is most interesting to me. He was a scholarly, conservative Democrat, and he held a high place in the national councils of his party all his adult life. He could not compromise principle; in fact, as attributed to that paternal Democrat, Andrew Jackson, Mr. Morton "never sold the truth to serve the hour." He treated issues with a candor and frankness that left no doubt about where he stood on issues. While this attribute may have been a liability to him in certain election contests, he gave to the voters an explicit picture of his convictions on the issues of his time.

After he was defeated when he sought election to the Senate in 1893, Mr. Morton wrote in his diary:

This does not fret me. The people have benefited by my citizenship, if I have not. And a man should be prouder of what he has done for his State than of what the State has done for him.

To me, a remarkable insight into Mr. Morton's sense of public service is to be had from an aspect of his membership in President Cleveland's cabinet, wherein he served as Secretary of Agriculture. He displayed a talent sadly lacking in the official Washington of our day. Throughout his political career, he inveighed heavily against government paternalism. As territorial secretary of Nebraska, he remitted funds allocated for the annual operation of his office. One of his early acts as Secretary was writing to the director of an experiment station of a letter in which he stated:

I notice that the feed bill for your horses during the last 10 months has averaged \$178.77 per month * * * if farmers of this country had to pay * * * this subsistence * * * I think the annual crop would find them badly in debt. I wish it distinctly understood that wherever there is an opportunity to economize, it should be embraced with alacrity, and that if you do not economize someone will be put in your place who will.

There is no question that Mr. Morton was an excellent Secretary of Agriculture. He was the first cabinet officer appointed west of the Missouri River. He had opposed President Cleveland in his election; yet Cleveland put prejudice

aside to obtain the services of a conservative known to be a man of unquestioned integrity. His relations with other members of the Cabinet were warm, and he early earned the esteem of President Cleveland for his forthright and completely honest manner. During the 4 years of Mr. Morton's administration of the Department of Agriculture, he returned to the Treasury \$2,066,661.19 out of appropriations totaling \$11,179,445.45—a saving of 18 percent. This was accomplished by businesslike management, and by reduction in departmental employees from 2,497 to 2,217 persons.

From this tribute today to a great pioneer we can take a text to serve today and the future. On the Archives Building in Washington appears the scripture, "What is past is prologue." This is eternally true. It is true because men and their governments today operate under the same human limitations that they have since the beginning of civilized social systems. Problems of this day may seem more numerous or burdensome, but they do not exceed the profundity of man's capabilities.

Like 89 years ago, this Nation still needs trees. Tree planting results in far greater benefits to humanity than most people realize. We used to say that trees provide fuel, building material, shade, and fruit. But today the benefits derived from trees are numbered in the thousands, and new uses for wood are being found every day.

The backbone of the conservation program for natural resources is trees. Without them, our productive soil, water supply, wildlife, and the much-desired recreational areas would vanish. Yes, our standard of living would be lower if trees disappeared from our land.

Our country cannot stop planting trees, because we are using up our timber at an alarming rate. During one of the war years the consumption of trees was more than 50 percent greater than the replacement by new growth. Every year the balance is on the losing side.

It is not difficult to plant trees, but our responsibility as citizens should not end there. Trees must be cared for. Conditions must be made suitable for their normal growth. To plant trees on Arbor Day and then forget them is not carrying out "the look to the future" for which J. Sterling Morton asked in proclaiming the first Arbor Day in Nebraska 89 years ago.

We still have more than 100 million acres in this country which are suitable only for growing trees. Other crops cannot be produced in this soil at a profit.

More millions of trees can be grown on our lawns, in our parks, along highways, and on farms. We need trees, and we need tree planters who will protect them.

It is my pleasure to call attention to the fact that Saturday is Arbor Day, a day observed widely around the world, which was started by a distinguished and great man, whose statue is found in Statuary Hall in this building, the Honorable J. Sterling Morton, Secretary of Agriculture under Grover Cleveland.

CITATION OF DR. FRANK STANTON FOR THE GEORGE FOSTER PEABODY AWARD FOR OUTSTANDING PUBLIC SERVICE

Mr. PELL. Mr. President, on Tuesday, April 18, Dr. Frank Stanton, president of the Columbia Broadcasting System, received the George Foster Peabody Award for Outstanding Public Service. The citation said:

The great debates between the presidential candidates are recognized as conceivably the most important service ever performed by broadcasting and one that may become a permanent part of our political heritage. The award goes to Dr. Frank Stanton for his initiative in suggesting the debates and his courageous leadership in bringing about the joint resolution of Congress which made the debates possible.

In accepting the award, Dr. Stanton said:

I cannot agree with the distinguished advisory board that I played a sufficient part in bringing about the debates to deserve its generous citation. I do agree that the debates did indeed constitute "conceivably the most important service performed by broadcasting."

Credit for bringing about the debates belongs to many people. Among them was the late Senator Blair Moody, of Michigan, who urged as early as 1952 that broadcasting could best serve the electorate by presenting the major candidates in face-to-face debates. The equal time restrictions of section 315 prevented this.

That it became possible 8 years later was due in great measure to another U.S. Senator and to the support of a veteran leader in the House. Senator JOHN O. PASTORE, of Rhode Island, chairman of the Subcommittee on Communications, Senate Interstate and Foreign Commerce Committee, had the imagination, the patience, and the inexhaustible energy to spark the action of the Senate to suspend the equal time restriction in the presidential campaign of 1960. Representative OREN HARRIS, of Arkansas, Chairman of the House Interstate and Foreign Commerce Committee, led a similarly vigorous campaign in the House—finally making the debates possible.

I accept this Peabody award on behalf of all those who helped bring about the debates. I accept it on behalf of the more than 1,400 radio and television stations which broadcast the debates. And finally, I accept it—not as a reward—but as a reminder. For we still have before us the task of permanently freeing broadcasting from unrealistic restrictions in the most serious business a democracy has—choosing its leadership.

Mr. President, my colleague, Senator PASTORE, did indeed labor long and hard, and imaginatively, to make the presidential debates possible. He has long been concerned with the wise and beneficial use of the broadcast media to serve the public interest. That this high tribute to his effectiveness has come from an outstanding leader in the industry is of more than passing significance and deserves more than passing notice.

BENEFITS TO CHILDREN OF UNEMPLOYED PARENTS

The Senate resumed the consideration of the bill (H.R. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid

to dependent children of unemployed parents, and for other purposes.

Mrs. NEUBERGER. Mr. President, I ask unanimous consent to offer an amendment to the committee amendment as follows:

On page 3, strike out lines 11 through 18, and insert in lieu thereof the following:

"For purposes of the preceding sentence, a State plan may, at the option of the State, provide for the denial of all (or any part) of the aid under the plan to which any child or relative might otherwise be entitled for any month, if the unemployed parent of such child receives unemployment compensation under an unemployment compensation law of a State or of the United States for any week any part of which is included in such month."

Mr. BYRD of Virginia. Mr. President, it is a clarification of the amendment adopted by the committee, and as chairman of the committee I am willing to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

AREA REDEVELOPMENT ACT— CONFERENCE REPORT

Mr. DOUGLAS. Mr. President, I am very happy to present to the Senate the conference report on S. 1, the bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in the economically distressed areas of the country.

The report represents the compromise between the House and Senate versions of the bill. I must say that the managers of the two Houses met in a friendly spirit, and that the final bill does not represent a victory or defeat for either one or the other House, but represents, instead, the work of both Houses to agree to an effective bill, and one which, I think, we can all defend, regardless of any minor differences.

I cannot praise too highly the work of the House conferees, and particularly of Chairman Spence, of the House Banking and Currency Committee.

I am pleased that all the managers on the part of the Senate, including the Republican members, signed the report.

In moving very close to the final enactment of the bill, I wish to thank all of those who took part in the long struggle, and I hope it will not be considered invidious if I single out the Senators from West Virginia [Mr. RANDOLPH and Mr. BYRD] for the fine work they did.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

(For the conference report, see House proceedings of today.)

Mr. DOUGLAS. Mr. President, I ask unanimous consent that there may be printed in the RECORD an explanation of the two versions of the bill as passed by the Senate and the House, also an analysis of the action of the conference committee, in which it is pointed out that the Senate receded on 14 items, and the House receded on 8 items, and that there

were compromises in 4 instances. I also ask that a discussion of each of the

amendments be printed in the RECORD. There being no objection, the material

was ordered to be printed in the RECORD, as follows:

Senate receded		House receded	
Memo item	Bill section	Memo item	Bill section
2	Formula for mandatory designation of redevelopment areas. Sec. 5(a).	6	Loans for machinery and equipment. Sec. 6.
3	Areas adversely affected by reciprocal trade program. Sec. 5(a).	7	Approval of applicants by State agency. Sec. 6(b)(2).
5	Geographical boundaries of redevelopment areas. Sec. 5(d).	8	Investment by Indian tribes in sec. 6 projects. Sec. 6(b).
9	Subordination of required 10- and 5-percent investments. Sec. 6(b).	12	Competition with privately owned utilities. Secs. 7 and 8.
10	Types of public facilities to be assisted. Sec. 7.	14	65-percent limit on public facility grants. Sec. 8.
11	65-percent limit on public facility loans. Secs. 7 and 8.	17	Urban planning grants. Sec. 15.
13	Studies of need for public facility grants. Sec. 8(a).	23	Study by the Secretary of Commerce. (Not in Senate bill.)
16	Limit on urban renewal grants. Sec. 14.	25	Termination of program. Sec. 27.
18	Occupational training and subsistence payments. Sec. 16.		
19	Reports to Congress. Sec. 22.		
20	Use of other agencies by Commerce Department. Secs. 24 and 25.		
21	Supergrades. Sec. 24(d).		
22	SBA loans to local development companies. (Not in Senate bill.)		
26	Geographical scope of program. Sec. 23.		

Total: Senate receded in 14 instances; House receded in 8 instances; compromise in 4 instances.

COMPARISON OF S. 1, AS PASSED THE SENATE WITH THE HOUSE AMENDMENT

(This memorandum omits discussion of technical, clarifying, and conforming changes made by the House.)

1. "Antipirating": There are two antipirating provisions in both the Senate bill and the House amendment: section 2 (statement of policy) and section 6 (plant loans). The differences are show below.

SENATE BILL

Section 2: "Under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than merely transferring jobs from one community to another."

HOUSE AMENDMENT

"Under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring employment opportunities from one area of the United States to another."

SENATE BILL

Section 6: "Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) above shall not be construed to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch affiliate, or subsidiary: *Provided*, That such assistance will not substantially decrease employment in the area of original location."

HOUSE AMENDMENT

"Such financial assistance shall not be extended for working capital, or to assist establishments relocating, totally or partially, from one area to another."

2. Formula for mandatory designation of redevelopment areas: This formula (in section 5(a)) is based in part on the following percentages of unemployment:

"(A) 50 per centum above the national average for three of the preceding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average for one of the preceding two calendar years."

The House amendment inserts the word "calendar" in clause (C), as indicated by the underscoring.

3. Area adversely affected by reciprocal trade program: Section 5(a) of the Senate bill entitles such areas to special consideration for designation as redevelopment areas. This is omitted from the House amendment.

4. Designation of rural areas: The House amendment omits the following provisions of the Senate bill:

"(1) The second sentence of section 5(b), which requires that detailed standards for such designation be prescribed before any loans are made.

"(2) The provision in the third sentence of section 5(b) that consideration be given in making such designations to the extent to which 'rural development' projects have previously been located in such areas under Agriculture Department programs.

"(3) The fourth sentence of section 5(b), which provides for wide distribution of projects among the States, and limits each State to one project unless the Secretary has considered such applications for assistance under this Act as may have come from the several States which apply for such assistance."

5. Geographical boundaries of redevelopment areas: The House amendment omits that part of section 5(d) of the Senate bill which expressly provides that a redevelopment area may "include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality."

6. Loans for machinery and equipment: Section 6 of the Senate bill authorizes loans for machinery and equipment "in cases of demonstrated need." The corresponding provision of the House amendment authorizes such loans "in exceptional cases."

7. Approval of applicants by State agency: Section 6(b)(2) of the Senate bill provides for approval of applicants for section 6 loans (plant loans) by the State or political subdivision concerned. The corresponding provision of the House amendment requires approval by the State; it does not authorize loans to applicants on the basis of approval by a political subdivision.

8. Investment by Indian tribes in section 6 projects: The House amendment provides (in section 6(b)(9)(B)) that a Federal loan will be made under section 6 only if at least 10 percent of the project cost is invested by the State or political subdivision, or a nongovernmental community or area organization. The Senate bill has the same requirement except that it adds "Indian tribes" to

the list of organizations which may make the required 10 percent investment.

9. Subordination of required 10-percent and 5-percent investments: The House amendment provides that the required 10-percent investment referred to above, and the 5-percent private investment which must be made before a Federal loan will be made under section 6, must be subordinate to the Federal loan. That is, these required investments must be equity investments or, if loans, be repayable only after the Federal loan is repaid in full, and the security, if any, shall be subordinate to the Federal lien. These requirements, which are in section 6(b)(9)(B) and (C) of the House amendment, are not in the Senate bill.

10. Types of public facilities to be assisted: The Senate bill limits loans under section 7 and grants under section 8 to public facilities that "will serve primarily industrial or commercial needs." This restriction is not in the House amendment.

11. A 65-percent limit on public facility loans: Loans for public facilities under section 7 of the Senate bill are limited to 65 percent of project cost. The State or political subdivision or Indian tribe concerned must supply at least 10 percent. To encourage participation by other investors, the Secretary is authorized to subordinate the Federal loan. No such provisions are in the House amendment, which permits public facility loans up to 100 percent.

12. Competition with privately owned utilities: The Senate bill prohibits assistance under sections 7 or 8 for public utilities which will compete with existing privately owned public utilities, unless the State regulatory body finds a need for such service which the existing public utility is unable to meet now or "through an expansion which it agrees to undertake." The House amendment substitutes "is prepared" for "agrees."

13. Studies of need for public facility grants: Section 8(a) of the Senate bill provides for studies by the Secretary of Commerce of the need for public facility grants. This is omitted from the House amendment.

14. A 65 percent limit on public facility grants: The Senate bill permits grants under section 8 covering the entire difference between the cost of the project and the amount obtainable from other sources. The House amendment limits the grant under section 8 to 65 percent of the difference between the cost of the project and the amount obtainable from loans and from other Federal grant programs. In effect, the House amendment thus requires a grant from some non-Federal source in the ratio

of \$35 to every \$65 supplied by the Federal Government under section 8.

15. Appropriations versus public debt transactions: The Senate bill provides that funds for loans under sections 6 and 7 may be obtained by Treasury borrowing under the Second Liberty Bond Act. The House amendment does not authorize the use of public debt transactions to obtain these funds, but authorizes appropriations for that purpose. There are other less significant differences, relating to the manner in which the revolving funds are established.

16. Limit on urban renewal grants: Although the urban renewal program is normally limited to predominantly residential uses, existing law authorizes use of 20 percent of the available grant funds for nonresidential purposes. The Senate bill, in authorizing urban renewal assistance for nonresidential purposes in depressed areas, requires that funds so used shall be taken out of the existing 20 percent authorization for nonresidential use, and authorizes an increase in this limit (up to an additional 10 percent) for depressed areas only after the 20 percent limit has been reached. The House amendment fixes a separate 10 percent limit on the urban renewal funds which can be used to assist depressed areas under the bill (10 percent of capital grant funds authorized after enactment of this bill).

17. Urban planning grants: Both the Senate bill and the House amendment authorize urban planning grants under section 701 of the Housing Act of 1954 to local Governments in areas designated under section 5(a) as redevelopment areas. The Senate bill also authorizes such grants up to 75 percent of cost for such areas. Under the House amendment, the 50 percent limit in existing law would not be changed.

18. Occupational training and subsistence payments: The House amendment differs from the Senate bill in four respects.

(1) Both the Senate bill and the House amendment provide that the Secretary of Labor shall consult with the Secretary of Commerce in determining needs for occupational training and in making agreements with the States for subsistence payments to trainees. The House amendment provides for consultation with the Secretary of Agriculture, as well.

(2) Section 16 of the House amendment omits language in the Senate bill directing the Secretary of Labor to "make appropriate provision for such supervision by the appropriate agency as is necessary to the successful operation of any training program established under this section." The House committee report explains that this language led to misunderstanding, and that its purpose can be accomplished under other provisions of the bill.

(3) Section 16(d) of the Senate bill authorizes the Secretary of Labor to provide "technical assistance for setting up apprenticeships." The House amendment eliminates the word "technical" from this phrase.

(4) The House amendment includes a new subsection 16(f), which is not in the Senate

bill. It provides that consideration shall be given to the special needs of agricultural workers and other seasonal workers in providing assistance under section 16.

19. Reports to Congress: Section 22 of the Senate bill requires the Secretary of Commerce to make semiannual reports, and specifies eight categories of information required in each report. Section 22 of the House amendment provides for annual (rather than semiannual) reports, and specifies only two categories of information required.

20. Use of other agencies by Commerce Department: The Senate bill (in sections 24 and 25) and the House amendment (in section 24) include differing provisions concerning the Secretary of Commerce's use of other agencies to avoid duplication. The principal difference is that the Senate bill authorizes delegation of functions by the Secretary to an outside agency only if the President approves, whereas the House amendment authorizes such delegation without Presidential approval. The House amendment also emphasizes that the Secretary shall use other agencies "to the fullest extent practicable * * * (so) as to avoid the duplication of existing staffs and facilities." The Senate bill provides for such use "to the extent practicable * * * whenever such (use) will avoid the duplication of existing staffs and facilities."

21. Supergrades: The Senate bill (section 24(d)) creates one additional position (in grade 16, 17, or 18 of the general schedule under the Classification Act of 1949) to assist in performing functions under the program. The House amendment creates five such additional positions (to be apportioned among the Federal agencies involved by the Secretary of Commerce with the approval of the Budget Bureau).

22. SBA loans to local development companies: The House amendment (section 26) amends the Small Business Investment Act of 1958 to eliminate the termination date (June 30, 1961) on SBA's program of secured loans to local development companies for plant construction, conversion, and expansion, thereby making such program permanent. There is no corresponding provision in the Senate bill.

23. Study by the Secretary of Commerce: The House amendment (section 27) directs the Secretary of Commerce, when the Department of Defense proposes to deactivate or is deactivating a permanent military installation (or major unit thereof) in an area where the unemployment rate is 6 percent or more, to make a study to determine the economic effects of such deactivation when requested to do so by the Governor of the State where the installation is located. The Secretary's findings would be transmitted to the Secretary of Defense and to the Congress. There is no corresponding provision in the Senate bill.

24. Research: The House amendment (section 28) directs the Secretary of Commerce to conduct a continuing program of study and research to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic de-

pression and in developing national, State, and local programs to meet the problems resulting from these conditions. There is no corresponding provision in the Senate bill.

25. Termination of program: The Senate bill (section 27) terminates the program on June 30, 1965 (and makes provision for its liquidation after that date by the Secretary of the Treasury). The carrying out of contracts, commitments, and other obligations theretofore entered into under the program would not be affected by its termination. There is no corresponding provision in the House amendment, under which the program would be permanent.

26. Geographical scope of program: The Senate bill (section 28) provides that the bill shall be applicable to the several States, the District of Columbia, Puerto Rico, and the Virgin Islands. The House amendment also covers Guam and American Samoa.

DETAILED ANALYSIS

The agenda for the conference consisted of 26 substantive differences between the Senate bill and the House Amendment.

The House receded to the Senate on 8 items. The Senate receded to the House on 14 items. There were 4 compromises.

The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and technical changes, the difference between the Senate bill and the substitute agreed to in conference are explained below.

FINANCING

The major difference between the Senate bill and the House amendment was the method of financing the \$300 million of revolving loan funds. The Senate bill called for financing these loans by public debt transactions. The House amendment required financing of loan funds by annual appropriations.

The conferees were deadlocked over this issue for several sessions of the conference. The House conferees were adamant for its position.

The Senate conferees were equally adamant for public debt financing.

The Senate conferees argued that public debt transactions are a well established method of financing certain activities of the Federal Government. For instance, the following are some of the programs for which public debt transactions have been approved in the past:

Defense Production Act of 1950.
The Export-Import Bank of Washington.
Federal Farm Mortgage Corporation.
Federal National Mortgage Association.
Home Owners' Loan Corporation.
The Federal Deposit Insurance Corporation.

The Federal Home Loan Bank Board.
The Housing and Home Finance Agency.
The Reconstruction Finance Corporation.
The United States Information Agency.
The Commodity Credit Corporation.

This list is only suggestive, a more complete listing of Federal programs financed by public debt transactions follows:

Major Federal credit programs ¹ financed by borrowing from the Treasury

[In millions]

Authorizing committee in Senate	Organization	Budgetary expenditures or disbursements less repayments, fiscal 1962 estimate	New commitments for direct loans and investments, fiscal 1962 estimate	Outstanding direct loans and investments, fiscal 1962 estimate	Authorizing committee in Senate	Organization	Budgetary expenditures or disbursements less repayments, fiscal 1962 estimate	New commitments for direct loans and investments, fiscal 1962 estimate	Outstanding direct loans and investments, fiscal 1962 estimate
Banking and Currency.	Federal National Mortgage Association.	\$117	\$1,045	\$3,744	Agriculture and Forestry.	Commodity Credit Corporation.	\$83	\$327	\$1,120
	Urban Renewal Administration.	2	130	78	Foreign Relations ² -----	International Cooperation Administration.	315	415	3,940
	Community Facilities Administration.	225	418	1,219	Appropriations-----	REA-----	205	246	3,596
	Public Housing Administration.	-1	418	94	Interstate and Foreign Commerce.	Farmers Home Administration.	-38	203	969
	Veterans' Administration.	185	204	1,753		Commerce, maritime, ship mortgage insurance.	-30	1	134
	Expansion of defense production.	-28		152					
	Export-Import Bank-----	135	990	3,421					

¹ Excludes guarantees and insurance, inventory, and special programs of the agencies or corporations.

² Also has jurisdiction of St. Lawrence Seaway Development Corporation, IMF

and IBRD, which are financed by borrowing from the Treasury.

Source: Dollar figures from U.S. Budget for 1962, special analysis E.

TABLE 4.—Expenditures handled under congressional authorizations as public debt transactions cumulative to June 30, 1959

Purpose of expenditure and agency	Citation	Expenditures, advances by Treasury ¹	Repayments ¹	Cancellations of bonds and notes (see table 5)	Transfers between agencies	Balance of securities acquired, June 30, 1959
Advances in exchange for bonds or notes:						
Commodity Credit Corporation-----	15 U.S.C. 713a-4-----	\$44,342,000,000.00	² \$28,177,435,346.25	\$3,290,564,653.75		\$12,874,000,000.00
Export-Import Bank of Washington:						
Regular activities-----	12 U.S.C. 635d-----	4,420,400,000.00	2,497,800,000.00			1,922,600,000.00
Liability transferred from the Reconstruction Finance Corporation.	Reorganization Plan No. 2 of 1954.		27,708,936.06		³ \$42,000,000.00	14,291,063.94
Federal Farm Mortgage Corporation:						
Federal National Mortgage Association:	12 U.S.C. 1020c-1-----	988,800,000.00	988,800,000.00			
Management and liquidating functions.	12 U.S.C. 1721(d)-----	4,111,650,763.50	⁴ 3,063,877,485.70		⁵ 91,768,172.45	1,139,541,450.25
Secondary market operations.	12 U.S.C. 1719(c)-----	2,032,594,597.97	1,991,063,562.90			41,531,035.07
Special assistance functions.	12 U.S.C. 1720(d)-----	1,190,883,622.08	21,286,363.44			1,169,597,258.64
Home Owners' Loan Corporation.	12 U.S.C. 1463(c)-----	2,321,000,000.00	2,192,827,891.09	128,172,108.91		
Housing and Home Finance Administrator:						
College housing loans-----	12 U.S.C. 1749(b)-----	621,200,000.00	26,782,000.00			594,418,000.00
Prefabricated housing loans program.	12 U.S.C. 1701g-5-----	36,170,296.71	27,785,815.89	8,384,480.82		
Public facility loans-----	42 U.S.C. 1493(a)-----	37,950,900.00				37,950,900.00
Urban renewal fund.	42 U.S.C. 1452(e)-----	107,000,000.00	9,000,000.00			98,000,000.00
International Cooperation Administration:						
Mutual defense assistance program.	22 U.S.C. 1933(f)-----	1,121,995,402.12	30,870,543.33			1,091,124,858.79
Assistance to Spain-----	Act, Sept. 6, 1950-----	62,262,685.27	12,703,251.75			49,559,433.52
India emergency food aid.	50 U.S.C. App. 2312-----	27,254,316.00	4,258,803.41			22,995,512.59
Foreign investment guarantee fund.	22 U.S.C. 1933(f)-----	9,242,389.33	12,389.33		⁶ \$9,230,000.00	
Public Housing Administration.	42 U.S.C. 1420-----	2,918,817,701.61	2,885,996,329.43	5,821,372.18		27,000,000.00
Reconstruction Finance Corporation.	15 U.S.C. 606-----	26,613,539,956.71	13,615,743,333.78	12,848,664,319.48	⁷ 149,132,303.45	
Rural Electrification Administration.	7 U.S.C. 903-----	⁸ 3,530,385,621.98	607,062,177.64			2,923,323,444.34
St. Lawrence Seaway Development Corporation.	33 U.S.C. 985-----	112,500,000.00				112,500,000.00
Secretary of Agriculture: Farmers Home Administration:						
Loan programs-----	7 U.S.C. 1005; 1032-----	⁹ 1,775,109,816.15	⁹ 1,558,643,145.91			¹⁰ 216,466,670.24
Farm housing program-----	42 U.S.C. 1481-----	140,000,000.00	62,914,179.32			77,085,820.68
Farm tenant mortgage insurance fund.	7 U.S.C. 1005c-----	48,345,000.00	19,125,000.00			29,220,000.00
Secretary of the Army (natural fibers revolving fund).	5 U.S.C. 234-----	100,000,000.00	100,000,000.00			
Secretary of Commerce (Maritime Administration): Federal ship mortgage insurance fund.	46 U.S.C. 1275(b)-----	1,400,000.00				1,400,000.00
Secretary of the Treasury (Federal Civil Defense Act of 1950).	15 U.S.C. 606; 50 U.S.C. App. 2261.	491,029.39	1,585,000.00		¹¹ 1,813,970.61	720,000.00
Small Business Administration: Liability transferred from the Reconstruction Finance Corporation.	Reorganization Plan No. 2 of 1954.		13,550,160.39		¹² 13,550,160.39	
Tennessee Valley Authority.	16 U.S.C. 831 n-3-----	56,772,500.00	56,772,500.00			
U.S. Information Agency: Informational media guaranty fund.	22 U.S.C. 1442(b)-----	12,313,000.00	¹² 1,732,236.00		⁶ 9,230,000.00	19,810,764.00
Veterans' Administration (Veterans' direct loan program)	38 U.S.C. 694m-----	933,055,599.00	2,977,603.00			930,077,996.00
Defense Production Act of 1950, as amended:						
Defense Materials Procurement Agency.	50 U.S.C. App. 2094-----	125,000,000.00	125,000,000.00			
Export-Import Bank of Washington.	50 U.S.C. App. 2094-----	46,190,034.99	21,422,873.27			24,767,161.72
General Services Administration.	50 U.S.C. App. 2094-----	1,728,700,000.00	45,000,000.00			1,683,700,000.00
Reconstruction Finance Corporation.	50 U.S.C. App. 2094-----	178,800,000.00	47,100,000.00		¹³ 131,700,000.00	
Secretary of Agriculture.	50 U.S.C. App. 2094-----	58,807,000.00				58,807,000.00
Secretary of the Interior (Defense Minerals Exploration Administration).	50 U.S.C. App. 2094-----	32,000,000.00				32,000,000.00
Secretary of the Treasury.	50 U.S.C. App. 2094-----	98,165,000.00	79,215,000.00		¹³ 131,700,000.00	150,650,000.00
Total advances in exchange for bonds or notes.		99,940,797,232.81	⁹ 58,316,051,927.89	16,281,606,935.14		¹⁰ 25,343,138,369.78
Advances to Export-Import Bank of Washington for payment of subscription to capital stock.	12 U.S.C. 635b-----	999,000,000.00				999,000,000.00

Footnotes at end of tables.

TABLE 4.—Expenditures handled under congressional authorizations as public debt transactions cumulative to June 30, 1959—Continued

Purpose of expenditure and agency	Citation	Expenditures, advances by Treasury ¹	Repayments ¹	Cancellations of bonds and notes (see table 5)	Transfers between agencies	Balance of securities acquired, June 30, 1959
Subscription to preferred stock of Federal National Mortgage Association (secondary market operations).	12 U.S.C. 1718(d)	⁴ \$71,000,000.00				\$71,000,000.00
Payment of subscription to the International Bank for Reconstruction and Development.	22 U.S.C. 286e	635,000,000.00				635,000,000.00
Payment of subscription to the International Finance Corporation.	22 U.S.C. 282e	35,168,000.00				35,168,000.00
Payment of subscription to the International Monetary Fund.	22 U.S.C. 286e	¹⁴ 2,325,000,000.00				2,325,000,000.00
Credit to the United Kingdom.	22 U.S.C. 286m	3,750,000,000.00	¹⁵ \$330,606,843.00			3,419,393,157.00
Grand total.		107,755,965,232.81	⁹ 58,646,658,770.89	¹⁰ \$16,281,606,935.14		¹⁰ 32,827,699,526.78

¹ Excludes exchanges of notes. Excludes refundings that are handled as public debt transactions amounting to \$79,035,558,863.61 through June 30, 1959.

² Appropriations have been made by the Congress for restoration of capital impairment to the Commodity Credit Corporation, amounting to \$5,948,213,610.33 through July 8, 1959. Most of these appropriations have been utilized for repayment of advances made by Treasury.

³ Transferred from the Reconstruction Finance Corporation pursuant to Reorganization Plan No. 2 of 1954, effective at the close of business June 30, 1954.

⁴ Includes \$71,000,000 representing exchange of notes for preferred capital stock.

⁵ Deduct.

⁶ Represents obligation on notes transferred from the International Cooperation Administration to the U.S. Information Agency in accordance with sec. II of the act approved July 18, 1956 (70 Stat. 563).

⁷ Consists of \$147,318,332.84 transferred to the Export-Import Bank of Washington, the Federal National Mortgage Association, and the Small Business Administration in accordance with Reorganization Plan No. 2 of 1954 (see footnote 3); and \$1,813,970.61 transferred to the Secretary of the Treasury (Federal Civil Defense Act of 1950), pursuant to the act approved July 30, 1953 (67 Stat. 230).

⁸ Includes advances on Rural Electrification Administration notes of \$510,848,903.98 and advances on Farmers Home Administration notes of \$40,367,816.15 made by the Reconstruction Finance Corporation. Pursuant to the act approved July 30, 1947 (61 Stat. 545, 547) these securities were transferred to the U.S. Treasury and Reconstruction Finance Corporation notes canceled in like amount. See table 5.

⁹ Excludes \$663,335.94, representing return of uncommitted funds by the Farmers

Home Administration loan programs, which was not received in time for reduction of the outstanding balance of borrowings due the U.S. Treasury by that Administration as shown in the daily Treasury statement of June 30, 1959.

¹⁰ Has not been reduced by \$663,335.94 representing return of uncommitted funds by the Farmers Home Administration loan programs. (See footnote 8.)

¹¹ Transferred from the Reconstruction Finance Corporation pursuant to the act approved July 30, 1953 (67 Stat. 230).

¹² This repayment of advances by Treasury was made from appropriation by Congress of \$2,500,000 for partial restoration of realized impairment to the capital used in carrying on the authority to make informational media guarantees.

¹³ Transferred from the Reconstruction Finance Corporation to the Secretary of the Treasury pursuant to the act approved July 30, 1953 (67 Stat. 230), and Executive Order No. 10489 of Sept. 26, 1953.

¹⁴ Additional subscriptions to the International Monetary Fund in the amount of \$1,800,000,000 were paid from the stabilization fund, which was created pursuant to the Gold Reserve Act of 1934, as amended.

¹⁵ Includes \$147,870,200.32 deposited in miscellaneous receipts of the U.S. Treasury.

¹⁶ Cash recoveries against assets acquired from these cancellations have been made amounting to \$2,766,784,814.77. (See table 5, pt. II for details.) In addition, the U.S. Treasury holds assets amounting to \$142,554,543.22 which have not been converted into cash.

Source: U.S. Treasury Department. Combined statement of receipts, expenditures, and balances of the U.S. Government for the fiscal year ended June 30, 1959. Reproduced by the Library of Congress, Legislative Reference Service, Apr. 11, 1961.

TABLE 6.—Transactions relating to authorizations to expend from debt receipts, fiscal year 1959

Corporation or agency	Unused authorizations at the beginning of the fiscal year 1959, July 1, 1958	Increases in authorizations granted by Congress during the fiscal year 1959	Adjustments in authorizations	Borrowings made during the fiscal year 1959	Repayments made during the fiscal year 1959 which affect borrowing authorizations	Repayments made during the fiscal year 1959 which do not affect borrowing authorizations	Net borrowings or repayments made during the fiscal year 1959	Unused authorizations at the close of the fiscal year 1959, June 30, 1959
PART 1. TRANSACTIONS RELATING TO BORROWINGS FROM THE TREASURY								
FUNDS APPROPRIATED TO THE PRESIDENT								
Expansion of defense production (Defense Production Act of 1950, as amended):								
Export-Import Bank of Washington	\$5,430,974.30	*\$9,500,000.00		\$613,440.92	\$5,415,304.90		\$4,801,863.98	\$732,838.28
General Services Administration	316,300,000.00	49,000,000.00		290,000,000.00	45,000,000.00		*245,000,000.00	120,300,000.00
Secretary of Agriculture	7,733,000.00	1,418,000.00		174,000.00			*174,000.00	8,977,000.00
Secretary of the Interior (Defense Minerals Exploration Administration)	8,800,000.00	*3,000,000.00		2,000,000.00			*2,000,000.00	3,800,000.00
Secretary of the Treasury	31,090,000.00	*31,000,000.00		610,000.00	16,470,000.00		15,860,000.00	15,950,000.00
Unallocated	7,234,000.00	*6,918,000.00						316,000.00
International Cooperation Administration:								
Mutual defense assistance program	310,335.28					¹ \$19,353,173.79		310,335.28
Assistance to Spain	580,583.04			343,268.31		¹ 3,822,360.63	*343,268.31	237,314.73
India emergency food aid						¹ 1,223,423.10		
Foreign investment guaranty fund	199,071,521.50							199,071,521.50
INDEPENDENT OFFICES								
Export-Import Bank of Washington:								
Regular lending activities	4,492,000,000.00			709,400,000.00	294,800,000.00		*414,600,000.00	4,077,400,000.00
Liability transferred from Reconstruction Finance Corporation						6,109,751.04		
Federal Deposit Insurance Corporation	3,000,000,000.00							3,000,000,000.00
Federal Home Loan Bank Board:								
Federal home loan banks	1,000,000,000.00							1,000,000,000.00
Federal Savings and Loan Insurance Corporation	750,000,000.00							750,000,000.00
St. Lawrence Seaway Development Corporation	43,300,000.00			15,800,000.00			*15,800,000.00	27,500,000.00
U.S. Information Agency: Informational media guaranty fund	11,187,610.67			4,743,000.00	1,732,236.00		*3,010,764.00	8,176,846.67
Veterans' Administration: Direct loans to veterans and Reserves		250,000,000.00		150,000,000.00			*150,000,000.00	100,000,000.00

Footnotes at end of table.

TABLE 6.—Transactions relating to authorizations to expend from debt receipts, fiscal year 1959—Continued

Corporation or agency	Unused authorizations at the beginning of the fiscal year 1959, July 1, 1958	Increases in authorizations granted by Congress during the fiscal year 1959	Adjustments in authorizations	Borrowings made during the fiscal year 1959	Repayments made during the fiscal year 1959 which affect borrowing authorizations	Repayments made during the fiscal year 1959 which do not affect borrowing authorizations	Net borrowings or repayments made during the fiscal year 1959	Unused authorizations at the close of the fiscal year 1959, June 30, 1959
PART 1. ETC.—Continued								
HOUSING AND HOME FINANCE AGENCY								
Office of the Administrator:								
College housing loans.....	\$536,143,450.56			\$211,955,127.27	\$6,393,676.71		*\$205,561,450.56	\$330,582,000.00
Flood insurance.....	500,000,000.00							500,000,000.00
Public facility loans.....	86,300,000.00			24,250,000.00			*24,250,000.00	62,049,100.00
Urban renewal fund.....	927,000,000.00			25,000,000.00			*25,000,000.00	902,000,000.00
Federal National Mortgage Association:								
Management and liquidating functions.....			* 3 \$208,749,172.45	58,604,000.00	267,353,172.45		*208,749,172.45	
Secondary market operations:								
Notes.....	2,250,000,000.00			267,416,357.86	225,885,322.79		*41,531,035.07	2,208,468,964.93
Preferred capital stock.....	65,000,000.00							65,000,000.00
Special assistance functions.....	2,485,778,706.52		* 5 31,015,038.00	1,026,724,498.93	10,877,815.02		*1,015,846,683.91	1,438,916,984.61
Public Housing Administration.....	1,465,000,000.00			75,000,000.00	83,000,000.00		8,000,000.00	1,473,000,000.00
DEPARTMENT OF AGRICULTURE								
Commodity Credit Corporation.....	2,972,000,000.00			5,115,000,000.00	3,769,000,000.00		*1,346,000,000.00	1,626,000,000.00
Farmers Home Administration:								
Farm housing loan program.....	400,000,000.00			60,000,000.00		¹ \$13,704,952.39	*60,000,000.00	340,000,000.00
Loan programs.....		\$221,500,000.00		221,500,000.00		² 228,103,805.47	*221,500,000.00	
Farm tenant mortgage insurance fund.....		³ 26,735,000.00		28,195,000.00	1,460,000.00		*26,735,000.00	
Rural Electrification Administration.....	848,000,000.00	409,500,000.00		295,000,000.00		⁴ 99,428,205.64	*295,000,000.00	962,500,000.00
DEPARTMENT OF COMMERCE								
Maritime Administration: Federal ship mortgage insurance fund.....		1,400,000.00		1,400,000.00			*1,400,000.00	
DEPARTMENT OF THE INTERIOR								
Virgin Islands Corporation.....		125,000.00						125,000.00
TREASURY DEPARTMENT								
Office of the Secretary: Federal Civil Defense.....	249,130,000.00				150,000.00		150,000.00	249,280,000.00
International Bank for Reconstruction and Development.....	2,540,000,000.00	3,175,000,000.00						5,715,000,000.00
International Monetary Fund.....		1,375,000,000.00		1,375,000,000.00			*1,375,000,000.00	
Total relating to borrowings from the Treasury.....	25,197,390,181.87	5,459,260,000.00	*239,764,210.45	9,958,729,593.29	4,727,537,527.87	⁷ 371,745,672.06	*5,231,192,065.42	25,185,693,906.00
PART 2. TRANSACTIONS RELATING TO BORROWINGS FROM THE PUBLIC								
INDEPENDENT OFFICES								
Farm Credit Administration: Federal Farm Mortgage Corporation.....						25,800.00		
Federal Home Loan Bank Board: Home Owners' Loan Corporation (liquidated).....						43,525.00		
HOUSING AND HOME FINANCE AGENCY								
Federal National Mortgage Association:								
Management and liquidating functions.....			* 9 6,420,000.00		6,420,000.00		6,420,000.00	
Secondary market operations:								
Notes.....			¹⁰ 124,940,000.00	1,040,000,000.00	915,060,000.00		*124,940,000.00	
Federal Housing Administration.....		¹¹ 9,863,850.00		¹¹ 9,863,850.00			*9,863,850.00	
Total relating to borrowings from the public.....		9,863,850.00	118,520,000.00	1,049,863,850.00	921,480,000.00	69,325.00	*128,383,850.00	
Grand total.....	25,197,390,181.87	5,469,123,850.00	*121,244,210.45	11,008,593,443.29	5,649,017,527.87	371,814,997.06	*5,359,575,915.42	25,185,693,906.00

*Deduct.

¹ These repayments were deposited in miscellaneous receipts of the U.S. Treasury.² Obligations for guaranteed letters of credit and loans disbursed by commercial banks, amounting to \$139,822,381.97 as of June 30, 1959, are applicable against the statutory borrowing authority. The unused authority to borrow from the Treasury has not been reduced thereby, since the Corporation may borrow from the Treasury to liquidate these obligations.³ Represents net repayments made to the U.S. Treasury.⁴ The balance shown represents unused portion of authorization to expend from public debt receipts, available for loans to the secondary market operations fund without further action by Congress. Due to other borrowings (shown in pt. II of this table) by that fund and the capital structure of the fund, the maximum it could borrow from the Treasury without adjusting its other borrowing or its capital structure as of June 30, 1959, would be as follows:

Borrowing authorized (10 times capital plus surplus)..... \$2,028,830,590.60

Borrowing outstanding..... -1,331,656,035.07

Unused balance of borrowing authorized..... 697,174,555.53

⁵ Represents portion of the mortgage portfolio financed by earnings, working capital and purchase discounts.⁶ Obligations for the purchase or the guarantee of loans held by lending agencies, amounting to \$229,547,605.14 as of June 30, 1959, are applicable against the statutory borrowing authority. The unused authority to borrow from the Treasury has not been reduced thereby, since the Corporation may borrow from the Treasury to liquidate these obligations.⁷ Includes return of uncommitted funds of \$5,534,865.68 and repayments of \$222,568,939.79 which were deposited in miscellaneous receipts of the U.S. Treasury. Excludes \$663,335.94 representing return of uncommitted funds by the Farmers Home Administration loan programs, which was not received in time for reduction of the outstanding balance of borrowings due the U.S. Treasury by that Administration as shown in the daily Treasury statement of June 30, 1959.⁸ Represents net borrowings from the Treasury.⁹ Represents decrease in borrowings from the public.¹⁰ Represents net increase in borrowings from the public.¹¹ Represents net amount of debentures issued to the public and Government agencies.

TABLE 7.—Status of congressional authorizations to expend from public debt receipts from June 30, 1932, to June 30, 1959

[In millions]

PART A. STATUS OF AUTHORIZATIONS

Fiscal year	Unused balance of authority at beginning of year	Changes in authorizations due to congressional action		Transactions affecting borrowing authority				Unused balance of authority at end of year
		Increase	Decrease	Reductions		Restorations		
				Borrowings and other advances from Treasury	Net borrowings from the public, etc. ¹	Repayments to Treasury	Cancellations of notes due Treasury	
1932		\$1,500.0		\$350.0				\$1,150.0
1933	\$1,150.0	3,022.4	\$400.0	1,235.0				2,537.4
1934	2,537.4	7,384.1		1,670.0	\$680.8			7,570.7
1935	7,570.7	1,909.0	47.4	825.0	3,441.9	\$425.0		5,590.4
1936	5,590.4	60.0	93.1	865.0	595.3	490.0		4,586.9
1937	4,586.9	157.1	199.8	227.0	-53.5	627.0		4,997.8
1938	4,997.8	1,310.4	392.7	345.0	187.7	401.0		5,783.8
1939	5,783.8	458.7		426.3	596.0	1,015.0		6,235.2
1940	6,235.2	644.4	87.2	641.8	73.1	796.7		6,874.3
1941	6,874.3	3,537.4		798.2	831.5	592.4		9,374.4
1942	9,374.4	11,525.0	54.6	4,178.3	-1,806.1	395.9		18,868.4
1943	18,868.4	143.5	225.7	6,969.0	-470.5	3,487.0		15,774.7
1944	15,774.7	447.7	200.0	7,615.0	-2,335.3	4,414.0		15,156.8
1945	15,156.8	2,055.0	217.1	4,149.0	-1,267.3	2,697.0	(²)	16,810.0
1946	16,810.0	8,229.0	357.7	3,553.1	-182.6	3,216.3		24,527.1
1947	24,527.1	3,750.0	3,239.8	7,346.6	-244.3	1,707.9	\$1,563.3	21,206.2
1948	21,206.2	5,485.0	18,633.6	5,505.0	-4.8	2,560.6	10,048.9	15,166.8
1949	15,166.8	2,588.3	107.7	5,851.0	-27.5	1,579.9	70.1	13,473.8
1950	13,473.8	7,215.2	1,936.1	4,031.7	-9.5	2,260.5	.2	16,991.4
1951	16,991.4	4,298.7	2,876.6	3,780.6	-.4	2,904.9	66.7	17,604.9
1952	17,604.9	4,432.4		2,739.2	-.1	1,574.4	454.2	21,326.7
1953	21,326.7	1,498.6	94.3	4,420.4	-.1	1,498.8	196.8	20,006.2
1954	20,006.2	2,874.2	1,219.2	5,398.4	-.1	3,518.8	956.8	20,738.4
1955	20,738.4	3,990.7	1,323.2	6,224.0	570.3	2,633.7		19,245.2
1956	19,245.2	3,091.2	211.7	5,273.1	(²)	1,122.3	5.8	17,979.9
1957	17,979.9	5,085.7	187.3	6,077.7	(²)	3,034.2	(²)	19,834.4
1958	19,834.4	5,703.1	647.5	7,301.7	233.4	7,842.5		25,197.4
1959	25,197.4	5,459.3	246.2	9,958.7	-6.4	4,727.5		25,185.7
Total		\$97,855.9	32,998.7	107,756.0	801.6	55,523.3	13,362.8	

PART B. STATUS OF BORROWINGS AND OTHER ADVANCES

Fiscal year	Balance of borrowings at beginning of year		Borrowings, advances, and refundings			Repayments, cancellations, and refundings			Balance of borrowings at end of year	
	From Treasury	From others	Borrowings, and other advances from Treasury	Refundings	Net borrowings from the public, etc.	Repayments to Treasury	Refundings	Cancellations of notes	From Treasury	From others
1932			\$350.0						\$350.0	
1933	\$350.0		1,235.0						1,585.0	
1934	1,585.0		1,670.0		\$680.8				3,255.0	\$680.8
1935	3,255.0		825.0		3,441.9	\$425.0			3,655.0	4,122.7
1936	3,655.0	4,122.7	865.0		595.3	490.0			4,030.0	4,718.0
1937	4,030.0	4,718.0	227.0		-53.5	627.0			3,630.0	4,664.5
1938	3,630.0	4,664.5	345.0		187.7	401.0		\$2,691.3	882.7	4,852.2
1939	882.7	4,852.2	426.3		596.0	1,015.0		20.6	273.3	5,448.2
1940	273.3	5,448.2	641.8		73.1	796.7		14.1	104.3	5,521.3
1941	104.3	5,521.3	798.2		831.5	592.4		8.4	301.7	6,352.8
1942	301.7	6,352.8	4,178.3		-1,806.1	395.9		5.4	4,078.7	4,546.7
1943	4,078.7	4,546.7	6,969.0		-470.5	3,487.0		41.5	7,519.1	4,076.2
1944	7,519.1	4,076.2	7,615.0		-2,335.3	4,414.0		2.9	10,717.3	1,740.9
1945	10,717.3	1,740.9	4,149.0		-1,267.3	2,697.0		.6	12,168.7	473.6
1946	12,168.7	473.6	3,553.1		-182.6	3,216.3		.6	12,504.9	291.0
1947	12,504.9	291.0	7,346.6		-244.3	1,708.2		1,563.5	16,579.8	46.7
1948	16,579.8	46.7	5,505.0		-5.7	2,785.1		10,177.1	9,122.7	41.0
1949	9,122.7	41.0	5,851.0	\$1,567.0	-28.2	1,719.3	\$1,567.0	70.1	13,184.3	12.9
1950	13,184.3	12.9	4,031.7	3,172.0	-10.1	2,459.1	3,172.0	.2	14,756.8	2.7
1951	14,756.8	2.7	3,780.6	2,538.1	-.8	3,109.9	2,538.1	66.7	15,360.7	1.9
1952	15,360.7	1.9	2,739.3	2,455.2	-.4	1,791.7	2,455.2	454.2	15,854.1	1.6
1953	15,854.1	1.6	4,420.4	4,652.8	-.3	1,708.5	4,652.8	196.8	18,369.3	1.2
1954	18,369.3	1.2	5,398.4	4,280.6	-.2	3,743.5	4,280.6	956.8	19,067.4	1.1
1955	19,067.4	1.1	6,224.0	10,544.8	570.2	2,938.8	10,544.8	5.0	22,347.6	571.3
1956	22,347.6	571.3	5,273.1	11,174.5	-.1	1,442.0	11,174.5	5.8	26,172.8	571.2
1957	26,172.8	571.2	6,077.7	13,227.2	-.1	3,362.6	13,227.2	(²)	28,887.9	571.1
1958	28,887.9	571.1	7,301.7	11,305.4	233.4	8,170.4	11,305.4		28,019.2	804.5
1959	28,019.2	804.5	9,958.7	14,118.0	-6.5	5,150.2	14,118.0		32,827.7	798.0
Total			107,756.0	79,035.6	\$798.0	\$58,646.7	79,035.6	\$16,281.6		

¹ Minus sign represents net repayments in excess of net borrowings.² Less than \$50,000.

³ Obligations of Commodity Credit Corporation for the purchase or the guarantee of loans held by lending agencies amounting to \$230,000,000 as of June 30, 1959, and obligations of the Export-Import Bank of Washington for guaranteed letters of credit and loans disbursed by commercial banks amounting to \$140,000,000 as of June 30, 1959, are applicable against the statutory borrowing authority of these corporations. The unused authority to borrow from the Treasury has not been reduced thereby, since the corporations may borrow from the Treasury to liquidate these obligations.

⁴ Includes unused portion of authorization to expend from public debt receipts, available for loans to the secondary market operations fund of the Federal National Mortgage Association without further action by Congress. Due to other borrowing by that fund and the capital structure of the fund, the maximum it could borrow from the Treasury without adjusting its other borrowing or its capital structure as of June 30, 1959, would be as follows:

Borrowing authorized (10 times capital plus surplus)..... \$2,028,830,591
Borrowing outstanding..... -1,331,656,035

Unused balance of borrowing authorized..... 697,174,556

⁵ If the borrowing authority of an agency is limited to the amount as needed, the amount borrowed and outstanding has been set up as the amount of the authority.

⁶ Excludes \$700,000, representing return of uncommitted funds by the Farmers Home Administration loan programs, which was not received in time for reduction of the outstanding balance of borrowings due the U.S. Treasury by that Administration as shown in the daily Treasury statement of June 30, 1959.

⁷ Has not been reduced by \$700,000 representing return of uncommitted funds by the Farmers Home Administration loan programs. (See footnote 6.)

⁸ Includes net repayments of \$3,600,000 which did not affect borrowing authority.

⁹ Includes repayments of \$3,123,400,000 which did not affect borrowing authority.

¹⁰ Includes note cancellations of \$2,918,800,000 which did not affect borrowing authority.

It should be clear that these loans for area redevelopment will be assets of the Federal Government. They will be repaid in full in the future. The interest rate to be charged to borrowers includes an additional one-half of 1 percent in the case of plant loans, and one-fourth of 1 percent in the case of public facility loans for the purposes of covering losses and administrative expenses.

It is intended that these loans, of course, will be fully repaid to the Federal Government over a period of years. Therefore, on both a current and long-run basis, this loan program should be self-financing.

In the long run, it should result in no net Federal expenditures.

It should also be clear that grants of authority to spend money obtained by Treasury borrowing are in one sense tentative, as are appropriations; both are subordinate to the public debt limit. Public debt transactions cannot be utilized when the resulting disbursements by the Treasury would require the Treasury to borrow beyond the public debt limit.

Also, the Congress will have ample opportunity to review and scrutinize loan activities under this act. Under section 9(b), the Secretary of Commerce will be required to prepare annually and submit a budget program under sections 102, 103, and 104 of the Government Corporation Control Act. The budget program must contain estimates of the financial condition and operations, and a statement of financial condition, a statement of income and expenses, a statement of sources and application of funds, estimates of operations by major types of activities, estimates of administrative expenses and borrowings, and other financial information. This must be transmitted to the Congress as a part of the President's annual budget.

Therefore, the Appropriations Committees and the public will be completely informed about this program on an annual basis if it included public-debt transactions.

The Senate conferees argued that if this is to be an effective and efficient loan program, the Secretary of Commerce must know what funds would be available for area redevelopment loans over a period of several years. The built-in checks in this program, approval by the community for the economic development program of each area, approval by the State of the economic development plan, and approval by the Secretary of Commerce for this plan are all prerequisites to loan assistance. Therefore, in some cases, particularly if modifications are required by the Secretary in the program, it will take some time to completely develop the basis for a loan project. From the point of view of careful financial management, it would seem prudent that the Secretary of Commerce be assured that loan funds will be available if and when any particular project is finalized. We cannot expect an efficient program tied to annual appropriations. The uncertainty which results from an annual financing procedure prohibits the businesslike operation of this Government lending enterprise. It would inhibit the authority of the Area Redevelopment Administration to require careful and thoughtful programs of local development. These area redevelopment loans ought to be established on a solid long-term basis in order to protect fiscal soundness of the loan program. Nongovernmental entities in the lending business have found it absolutely vital to finance their activities through long-term borrowing.

Chairman SPENCE of the House Banking and Currency Committee, informed the conferees that the administration had informed the House conferees that it preferred the Senate provision for financing loans—that is, by public debt transactions.

The House receded and accepted a new section with Treasury financing.

TERMINATION DATE

In view of the fact that the House receded on their financing provision, the Senate stood adamant on the 4-year termination date for this program.

This will give the Congress the opportunity to completely review this act in 4 years. If there has been any difficulty as a result of the public debt financing, the Congress can then change this provision. If the program has not lived up to expectations, it will expire automatically.

ANTIPIRATING PROVISIONS

Both the Senate bill and the House amendment contained provisions in section 2, the statement of policy, and section 6, the authority for plant loans, barring assistance for industries relocating from one area to another. The conference substitute combines the House and Senate provisions, in a fashion which, in the opinion of the Senate conferees, strengthens the antipirating provisions of the bill.

The Senate version of section 2 prohibited "transferring jobs from one community to another." The conference version of section 2 prohibits "transferring jobs from one area of the United States to another."

Both the Senate version of section 6 and the conference substitute prohibit financial assistance "to assist establishments relocating from one area to another." In the Senate version of section 6 this provision was followed by a sentence stating that it should not be construed "to prohibit assistance for the expansion of an existing business operation from its original location or for the establishment of a new branch, affiliate, or subsidiary: *Provided*, That such assistance will not substantially decrease employment in the area of original location."

This restriction was deleted in the conference substitute and the following provision inserted instead:

"The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations."

FORMULA FOR MANDATORY DESIGNATION OF NON-RURAL REDEVELOPMENT AREAS

In Section 5(a) of the Senate bill and the House amendment there is a minor difference in part of the formula for the mandatory designation of nonrural redevelopment areas.

Section 5(a)(2) of the Senate bill contained the following language in regard to the qualifying percentages of unemployment for mandatory designation:

"(A) 50 percentum above the national average for three of the preceding four calendar years, or

"(B) 75 percentum above the national average for two of the preceding three calendar years, or

"(C) 100 percentum above the national average for one of the preceding two years."

The House amendment inserts the word "calendar" in clause (C), between the words "two" and "years." The Senate conferees receded to the House on this difference so that the language of clause (C) in the conference substitute reads:

"(C) 100 percentum above the national average for one of the preceding two calendar years."

The Senate conferees receded because it appeared that the language of the Senate bill in clause (3) might be a costly burden for the Department of Labor which has been collecting this unemployment data on a calendar year basis.

AREAS ADVERSELY AFFECTED BY RECIPROCAL TRADE PROGRAM

Section 5(a) of the Senate bill entitled such areas to special consideration for designation as redevelopment areas. This was omitted from the House amendment.

The House conferees were adamant on the House position.

After long discussion, the Senate conferees receded on this provision as part of the compromise under which the House receded on the method of financing the revolving loan funds.

Under the conference substitute, such areas would receive no special consideration, but merely the same consideration as any other area.

DESIGNATION OF RURAL AREAS

There were four differences between the Senate bill and the House amendment in section 5(b) which spells out criteria for designation of rural areas for assistance. On three of these differences the House receded.

The Senate conferees receded on the fourth difference. Therefore the conference substitute differs from the Senate bill in that the substitute does not limit each State to one project "unless the Secretary has considered such applications for assistance under this Act as may have come from the several States which apply for such assistance."

However, the conference substitute does retain the language of the Senate bill requiring the Secretary to distribute the "projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible."

GEOGRAPHICAL BOUNDARIES OF REDEVELOPMENT AREAS

The House amendment omitted that part of section 5(d) of the Senate bill which expressly provides that a redevelopment area may "include one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality."

The Senate conferees receded to the House with the understanding that the following language would be included in the conference report to limit the discretion of the Secretary:

"It is the intent of the conferees for both Houses that in designating industrial areas as redevelopment areas for assistance under the new program, the Secretary should have broad discretion. The data on eligible areas supplied to the Congress by the Labor Department during the hearings were based on existing labor market areas and the Secretary should certainly take this information into account in determining geographical boundaries of redevelopment areas."

"At the same time, the conferees recognize that standard labor market area boundary lines may not be appropriate to the purposes of this act because smaller areas may be more realistic. The bill, therefore, does not necessarily require that the labor market area boundary lines be followed. It is contemplated instead that the Secretary of Commerce may establish appropriate new boundaries for redevelopment areas under the bill."

"It is not, however, the intention of the conferees to authorize designation of part of a municipality as a redevelopment area in any case, but with that exception it is recognized that designation of redevelopment areas will not necessarily follow political boundary lines."

SUBORDINATION OF REQUIRED 10-PERCENT AND 5-PERCENT INVESTMENTS

The Senate bill and the House amendment provided that a Federal loan could be made under section 6 only if at least 10 percent of the project cost were invested by the State or political subdivision, or a nongovernmental community or area organization and at least 5 percent should be obtained from nongovernmental sources.

The Senate bill provided that the required 10 percent public or semipublic investment, and the required 5 percent private investment might be given priority over the Federal loan, if necessary to encourage financial participation in a particular project. The House amendment provided that the 10-percent and 5-percent investments must be subordinate to the Federal loan. That is, these required investments must be equity investments or, if loans, be repayable only after the Federal loan is repaid in full, and the security, if any, shall be subordinate to the Federal lien. The Senate conferees receded. The conference substitute includes the House provision.

It was argued that requiring the Federal loans to be repaid first would place the Federal Government in a preferred, and, therefore, a sounder financial position. It was also argued that if the non-Federal participation in the cost of the project were not in the form of equity investment, but in the form of loans, they should bear a greater degree of risk by being repayable only after the Federal loan were repaid in full.

In view of the fact that the House conferees later receded on their method of financing the loan funds, this more stringent requirement should protect the fiscal soundness of the revolving loan funds.

TYPES OF PUBLIC FACILITIES TO BE ASSISTED

The Senate bill limited loans under section 7 and grants under section 8 to public facilities that "will serve primarily industrial or commercial needs." This restriction did not appear in the House amendment.

However, the House amendment, as well as the Senate bill, in Sections 7 and 8 required that "the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area." Therefore since the two provisions appeared to be similar in purpose, the Senate conferees receded and the substitute does not contain the additional clause which had been in the Senate bill.

EXTENT OF FEDERAL FINANCING OF PUBLIC FACILITY LOANS

Loans for public facilities under section 7 of the Senate bill were limited to 65 percent of project cost. The House amendment permitted public facility loans up to 100 percent of project cost.

It was argued that many redevelopment areas, because of sustained unemployment and the low levels of economic activity would not have the financial resources to meet their portion of the project cost and would have to appeal for a public facility grant from the Federal Government. This might leave the Secretary of Commerce in the position of either denying this assistance to the most needy areas or being forced to approve a Federal grant for a public facility project. Therefore it seemed preferable to give the Secretary the discretion to make a public facility loan up to 100 percent of the project cost.

The Senate conferees receded and the substitute bill contains the House provision.

STUDIES OF NEED FOR PUBLIC FACILITY GRANTS

Section 8(a) of the Senate bill provided for studies by the Secretary of Commerce of the need for public facility grants. This was omitted from the House amendment.

The Senate conferees receded and the substitute bill does not contain this provision.

It was pointed out that other sections of both bills including the general powers vested in the Secretary of Commerce gave adequate authority to the Secretary to make whatever studies of public facility grants he deemed prudent or necessary.

Of course, the Secretary is still required to screen each individual request for a grant carefully as required in the Senate bill and conference substitute.

URBAN RENEWAL GRANTS

Both the Senate bill and the House amendment authorized use of grant funds under the urban renewal program for nonresidential purposes in redevelopment areas. Both restricted the amount of such grant funds which could be so used. The Senate bill included the funds so used as part of the 20-percent share of these grant funds now authorized for nonresidential purposes, and authorized a 10-percent increase for development areas, if necessary. The House amendment imposed a new and independent limit of 10 percent of the grant funds under the urban renewal program.

The Senate conferees receded. The conference substitute adopts the House provision.

URBAN PLANNING GRANTS

The Senate provision for Federal contributions of up to 75 percent for urban planning grants for redevelopment areas was retained, with a technical amendment to make it clear that this percentage applied whether the grant went directly to the areas or through State planning agencies.

It was the understanding of the conferees that the provision for making urban renewal grants directly to redevelopment areas was not intended to bypass State planning agencies. Instead the intention was to provide an alternative route for extending this planning assistance where deemed necessary or advisable but that existing State agencies will continue to be consulted and utilized wherever practicable.

OCCUPATIONAL TRAINING AND SUBSISTENCE PAYMENTS

The House amendment differed from the Senate bill in four respects.

1. Both the Senate bill and the House amendment provided that the Secretary of Labor shall consult with the Secretary of Commerce in determining needs for occupational training and in making agreements with the States for subsistence payments to trainees. The House amendment provided for consultation with the Secretary of Agriculture, as well.

2. Section 16 of the House amendment omits language in the Senate bill directing the Secretary of Labor to "make appropriate provision for such supervision by the appropriate agency as is necessary to the successful operation of any training program established under this section." The House committee report explained that this language led to misunderstanding, and that its purpose would be accomplished under other provisions of the bill.

3. Section 16(d) of the Senate bill authorized the Secretary of Labor to provide "technical assistance for setting up apprenticeships". The House amendment eliminated the word "technical" from this phrase.

4. The House amendment included a new subsection 16(f), which was not in the Senate bill. It provided that consideration shall be given to the special needs of agricultural workers and other seasonal workers in providing assistance under section 16.

The Senate conferees receded and the substitute contains those provisions contained in the House amendment.

REPORTS TO CONGRESS

Section 22 of the Senate bill required the Secretary of Commerce to make semiannual reports, and specified eight categories of information required in each report. Section 22 of the House amendment provided for annual (rather than semiannual) reports, and specified only two categories of information required.

After long discussion the conferees compromised in the following manner.

The conference substitute follows the language of the House amendment as to reports to the Congress, and does not include all of the specific provisions of the Senate bill with respect to matters to be included in such reports. The conferees on the part of the Senate intend, however, that such reports shall give full and complete information concerning the operation of the program and shall include the following items in addition to those specified in the act: (1) The total number of unemployed persons in redevelopment areas, (2) the total principal amount of loans outstanding under the new act, the aggregate expenditures incurred by the Government in providing grants and other forms of assistance under the act, and the administrative expenses incurred by the Government in providing assistance under the act, (3) the number of applications for assistance under the act which are pending and the total amount of assistance requested in such applications, (4) the number of industrial or commercial enterprises which have commenced or expanded operations in redevelopment areas as a result of assistance under the act, the total asset value of such enterprises and a description of each such enterprise in terms of whether it is an expanding enterprise already located in a redevelopment area, a wholly new enterprise, an enterprise which has moved from another area, or a branch of an existing enterprise located elsewhere, and (5) the total number of jobs directly created in each economically distressed area as a result of assistance extended under the act, and the Secretary's estimate of the increase in employment in each such area indirectly resulting from such assistance.

USE OF OTHER AGENCIES BY COMMERCE DEPARTMENT

The Senate bill (in secs. 24 and 25) and the House amendment (in sec. 24) included differing provisions concerning the Secretary of Commerce's use of other agencies to avoid duplication. The principal difference was that the Senate bill authorized delegation of functions by the Secretary to an outside agency only if the President approved, whereas the House amendment authorized such delegation without Presidential approval.

The Senate conferees receded. The substitute bill contains the House language. Also the conferees agreed that the following language should be included in the conference report.

"The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility. It is the understanding of the committee that the Department of Agriculture has services and facilities available of requisite competence and experience for effectively carrying out such delegation. It is, therefore, the expectation of the committee that this delegation to the Department of Agriculture will

be made promptly upon enactment of the bill."

SUPERGRADES

The Senate bill (sec. 24(d)) created one additional position (in grade 16, 17, or 18 of the General Schedule under the Classification Act of 1949) to assist in performing functions under the program. The House amendment created five additional positions.

The Senate conferees receded. The substitute bill contains the House provisions.

SBA LOANS TO LOCAL DEVELOPMENT COMPANIES

The House amendment contained a provision amending section 502 of the Small Business Investment Act, which authorizes SBA to make loans to local development companies up to June 30, 1961. The House provision would eliminate this expiration date, making the program permanent.

The Senate unanimously passed the same provision last year, as part of its amendment to H.R. 11207, 86th Congress, but it did not become law.

Under these circumstances the Senate conferees saw no reason to object to the new House provision, which is contained in the conference substitute.

RESEARCH ON CAUSES OF UNEMPLOYMENT

The House amendment (section 28) directed the Secretary of Commerce to conduct a continuing program of study and research to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the Nation as a whole, and to assist in developing programs to solve these problems. The Senate bill contained no corresponding provision.

The Senate conferees receded and accept this House amendment after two changes had been made in the language of this section.

The first change provides that the study shall be made in cooperation with other agencies having similar functions.

The second change eliminates the phrase "and in the Nation as a whole" so as to make it clear that the research to be undertaken by the Secretary of Commerce shall concentrate on those problems directly related to the purposes of this act.

GEOGRAPHICAL SCOPE OF PROGRAM

The House amendment provided that the bill shall be applicable to Guam and American Samoa, in addition to the several States, the District of Columbia, Puerto Rico, and the Virgin Islands. The Senate bill did not cover Guam and American Samoa. The Senate conferees receded.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. BENNETT. Mr. President, the Senator from Utah was one of the conferees on the bill, and he would like to congratulate the Senator from Illinois on his great success in maintaining the Senate's position. The Senator from Illinois stated that the Senate yielded in 14 instances, and the House in 8 instances. Actually, from the point of view of important amendments, the Senate's yielding, in most of the instances, was on more or less inconsequential items. On the major provisions, the ones on which there were real differences as between the two versions of the bill, the House yielded.

Mr. President, it was a very interesting experience to sit through the first conference under the New Frontier, because it was obvious there were forces outside the room of the conference which were controlling some of the major decisions in this case.

I signed the report as a conferee, because I think, as a conferee representing

the Senate, the Senate came out very well with respect to the bill.

I realize that when the bill was before us for consideration, its support in the Senate was overwhelming, and there is no point in trying to make a fight against the conference report now; but I should like to make it clear that, having voted against the bill originally, and then, having signed the report under my obligation as a member of the conference, I feel free now to express my original position.

I think the whole concept around which the bill is built is a mistake. I do not think it is going to accomplish its purpose, and I should like to have the RECORD show that, regardless of how the vote on the conference report is taken, the Senator from Utah is recorded against it.

Mr. BUSH. Mr. President, I join my colleague from Utah in congratulating the able senior Senator from Illinois [Mr. DOUGLAS] upon his success in supporting the Senate version of the proposed legislation in the conference.

Like the Senator from Utah, I signed the conference report. Unlike him, I voted in the first instance for the bill, for several reasons.

In the first place, the bill attempts to deal with one of the most serious problems facing us in the United States, which is the problem of those areas with persistent and chronic unemployment.

Mr. President, this is an issue on which there is no partisanship. Nobody can claim all the compassionate feelings. I think we all feel deep concern over these problems. I have felt, and I still feel, that the bill has been improperly advertised as being a solution to the problems, or that it will make a substantial contribution toward solving the problems. My feeling of enthusiasm for that concept is at a rather low ebb. I do not think the bill will come to grips with the serious problems of unemployment which have been chronic and prolonged due to circumstances not affecting the financing of new industries, but rather due to the exhaustion of resources indigenous to these communities.

I simply cannot see how passage of such a bill can provide a cure for such situations. It will take a long time for the program to get under way and for any results from passage of the legislation to be attained.

The bill has been considerably improved since its original conception. It does contain satisfactory antipirating provisions, which was one of my most grievous concerns in connection with the bill. Only after these provisions were adopted in the Senate did I agree to support the bill.

The bill also contains the Senate version of a termination date, which is 4 years. This will require that the whole picture be thoroughly examined at least at the end of that time.

The bill also provides for an annual report by the Secretary.

The bill further provides that the financing of grants-in-aid under the bill are to be appropriated and not made available through the back-door process of financing by direct borrowing from the Treasury.

But this is not true in respect of the three \$100 million loan funds. Here backdoor financing prevailed.

I was surprised, as was the Senator from Utah, to see the effect of pressure from the administration on the conferees in connection with the bill. The administration had stood solidly behind the appropriation process of financing—for loans as well as grants—in its own proposal, which was sent to the House as the administration bill. In the final analysis, the House conferees admitted they were put under very heavy pressure from the administration to yield to the Senate and agree to so-called backdoor financing in connection with this very important matter.

It will be interesting to see whether the apprehensions of the conferees are justified when the House acts upon this report, because they felt this was a very important matter and that the House might reject the conference report on the basis that the appropriations process is rejected in the conference report, this having been one of the chief points at issue in connection with the proposed legislation when it was debated in the House.

Mr. President, I must say for the able Senator from Illinois that he was an excellent chairman of the conference committee. He presided amiably and fairly over the deliberations of the committee in connection with the bill.

I shall vote for the conference report. The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. MANSFIELD subsequently said: Mr. President, I move that the Senate reconsider the vote by which the conference report on the depressed areas bill was agreed to.

Mr. KERR. Mr. President, I move to lay that motion on the table.

The motion to table was agreed to.

BENEFITS TO CHILDREN OF UNEMPLOYED PARENTS

The Senate resumed the consideration of the bill (H.R. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes.

Mr. DOUGLAS. Mr. President, I thank my colleague for his complimentary comments, but the truth of the matter is that I am not a skilled negotiator. The passage of the bill is not due to my efforts in any degree, but simply due to the logic of the situation and the compelling power of the Senate amendments on the crucial matter of financing.

Similarly, while I think it is probably true the administration was in favor of the Senate position in the matter, I am sure also this was not a determining influence. The advice of the administration was listened to and considered, as it should have been, but the Members of the House are strong and sturdy men who do not accept dictation from anyone. It was the sheer logic of financing Government investments by public debt transactions which carried the day.

While I appreciate the compliments of my friends from across the aisle—they were most courteous, cooperative and friendly—they are not deserved in my case, and I must disavow any praise. If we had not had such a strong case to present I feel we would have failed completely.

Mr. BUSH. Mr. President, I comment that the Senator's skill as a negotiator is only exceeded by his humility and by his modesty.

Mr. JAVITS. Mr. President, will the Senator yield to me on the conference report?

Mr. DOUGLAS. Yes; I yield.

Mr. JAVITS. I was upstairs doing a television and radio show, and I missed the proceedings. I should like to ask the Senator a question.

I understand the Senate gave up on the provision in the bill which would have given a community help if it were harmed by imports. Is that correct?

Mr. DOUGLAS. We put up a terrific fight on that point, and resisted until the very end. We felt that in the interest of harmony we should yield to the House, which was adamant on this provision. We did so very reluctantly.

Mr. JAVITS. May I ask the Senator if there is any likelihood that this general question will have consideration in the Committee on Finance, in view of the fact that it has now been eliminated from the bill?

Mr. DOUGLAS. When the reciprocal trade bill comes up next year, I pledge that I personally will strive for such a provision in the reciprocal trade bill.

Mr. JAVITS. I think, with all respect, unless we take some action upon that, and unless the administration will give it some backing, the administration may find a very difficult atmosphere for the Reciprocal Trade Act. No one has a greater respect for my colleague's economic judgment than I, but the portentous implications, in respect to American trade especially—in view of the imbalance in international payments, and the fact that a deficiency in world trade can nullify any aid efforts of which anyone can conceive in terms of amount—are so serious that if the United States is going to contract its foreign trade policy simply because we do not have the wit or the wisdom to look after the problems of people, in business and labor alike, who are harmed by concentrated imports, we shall be doing one of the greatest disservices to foreign policy of which we are capable, one far more serious than even the terrible reverse freedom suffered in Cuba.

Mr. DOUGLAS. I quite agree with the Senator from New York.

Mr. McCARTHY subsequently said: Mr. President, I ask unanimous consent that these remarks may appear preceding the remarks of the Senator from South Carolina on the bill, H.R. 4844, which was passed earlier.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, a number of Senators have received telegrams expressing concern over the bill. One reads in part:

Grave concern over the action on H.R. 4844 which may come upon the Senate floor on Wednesday. The bill provides an exten-

sion of ADC into the area of unemployment compensation. This is a radical departure from the traditional concept of the purpose of categorical assistance programs. We are deeply concerned about the movement of this bill without the opportunity for public hearings by which the alleged need might be determined on the basis of facts.

Mr. President, this is a temporary program to meet an emergency situation. Its purpose is to assist those families where the wage earner has exhausted his unemployment compensation—or never had coverage. It has particular application for those 14 States whose laws exclude the unemployed from eligibility for general assistance.

This is not proposed legislation based on an alleged or prospective need. The need exists. The House held hearings on this bill in February, but long before this the need was adequately established.

This problem came up frequently before the Special Committee on Unemployment Problems. The committee held hearings in the fall of 1959. The committee received testimony from community leaders about fathers deserting their families so that their wife and children would be eligible for ADC payments, because those unemployed men were excluded from general assistance programs. We had testimony from school superintendents that the school lunch program represented the only hot meal that many children had each day; about children losing weight during Christmas vacation because they did not have enough to eat at home; of children saving a part of their school lunch to take home to feed younger brothers and sisters.

Mr. President, I do not believe that anyone who has seen the condition under which the families of many long-term unemployed have lived could oppose a temporary aid program to do something now for the hundreds of thousands of underfed, ill-clothed, and poorly sheltered children. The estimate supplied the Committee on Finance is that 750,000 children would receive assistance if all States participated for the 14-month period.

The majority of the members of the Committee on Unemployment Problems recommended congressional action to solve this problem. We recommended a program of Federal grants to the States to assist the States in bringing their general assistance programs into line with other public assistance programs, particularly to aid the children of the unemployed.

I believe that the most desirable way to handle this problem would be through expansion of the public assistance program to include a title for Federal grants for general assistance, and in the last session I introduced a bill to accomplish this purpose.

But this is an emergency situation. The great increase in the number of unemployed in the past year has created new problems that cannot await the complete study involved in creating a new title to the public assistance program, a step which involves a number of policy decisions.

The machinery for ADC exists. It is a relatively simple matter to extend Federal grants to needy families through this method. Its purpose and effect are to

keep the families of the unemployed together and to give them some relief.

I hope that during the next 14 months, while this emergency program is in effect, Congress will consider permanent legislation to provide a more consistent program of grants to States for general assistance.

Mr. THURMOND. Mr. President, I simply wish to say I did not favor the so-called depressed areas bill; however, I am glad the provision relating to excessive imports was deleted from the bill, for the impact of low-wage imports cannot be solved by subsidies from the Public Treasury, only camouflaged where the cancerous growth can go unchecked.

In my opinion, one of the great problems facing this country today is the problem of stopping excessive imports of goods coming to this country from low-wage countries. I know the effect of this on the textile industry of my State, and I understand it is the same in many other industries elsewhere. I know it is a nationwide problem with the textile industry.

There are certain things we could do which would make it unnecessary to have any so-called depressed areas legislation. We should stop excessive imports. We should allow more reasonable depreciation rates on machinery and equipment. If increased wages and fringe benefits obtained by collective bargaining could be based on increased productivity rather than on pressure methods, industries could survive, and it would not be necessary for the National Government to pass such legislation as that embodied in the conference report on area redevelopment.

I regret that the bill is passing the Congress. I feel it is a great mistake, as I stated when the proposed legislation was being considered by the Senate.

If we will face the facts realistically, we must conclude that depressed areas are resulting from our failure to impose at least flexible quotas on imports to guarantee survival of domestic industries. Eight hundred and twenty-eight textile mills have closed their doors in this country within the past few years, with a loss of over 400,000 jobs. If that loss means anything to the economy of the Nation, the Senate of the United States should fight to preserve that industry and others similarly impacted, and subsidies are no solution.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

Mr. THURMOND. Mr. President, I have no objection to the third reading. I merely wish to say a few words.

The bill (H.R. 4844) was read the third time.

Mr. THURMOND. Mr. President, I wish to say a few words on the bill.

Mr. BUSH. Mr. President, a parliamentary inquiry. I thought we were considering the conference report.

The PRESIDING OFFICER. The conference report was agreed to.

Mr. KERR. Mr. President, will the Senator from South Carolina withhold his remarks until after the passage of the bill?

House of Representatives

THURSDAY, APRIL 20, 1961

The House met at 12 o'clock noon.

Rabbi Alex J. Goldman, West Oak Lane Jewish Community Center, Philadelphia, Pa., offered the following prayer:

Upon meeting great leaders we are bidden to say:

ברוך אתה יי' אלהי מלך האלם. שנתן מחכמה ל'בשר ודם.

Baruch atta Adonoi Eloheinu melech haolam shenatan mechachmato l'vasar vadam.

Blessed art Thou, O Lord our God, King of the Universe, who hast shared of Thine divine wisdom with mortal man.

Atta chonayn l'adam daat:

אתה חונן לאדם. דעט

O Thou who endowest man with wisdom and understanding we look to Thee for knowledge, wisdom, understanding, and guidance in the work of our hands. Gird us with strength, courage, and determination as we deliberate the destiny of our land. Strengthen the chords of our hearts that we may, with all our might, strive to achieve the noble principles upon which America rests.

Pour forth Thy manifold blessings upon the President of these United States, the Vice President, the Speaker and Representatives of this great House of service, and upon all chosen to lead our Nation. חננו מאחך Chanenu meitcha—do Thou, Heavenly Father, instruct and teach them out of Thy law, that they may continue to serve Thee, our citizens, and all mankind with distinction, glory, and honor. Inspire our people, all over the land, to encourage, support, and strengthen the work of their hands and their minds.

Unite us all, we pray Thee, into a brotherhood of peoples—a brotherhood true, sure, and constant.

May all the nations of the world perceive and know the meaning and blessing of peace. May they, with America at the forefront, lead the effort to bring peace and security, freedom and understanding, to all mankind. May Israel, as she celebrates her 13 years of independence this day, ever cherish the principles upon which democracy is founded.

Blessed art Thou, O Lord, who wilt lead us to the day of peace. In Thee we place our trust. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries.

No. 67—15

ELECTIONS. SUBCOMMITTEE OF COMMITTEE ON HOUSE ADMINISTRATION

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from South Carolina [Mr. ASHMORE], I ask unanimous consent that the Subcommittee on Elections of the Committee on House Administration be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from Kentucky [Mr. SPENCE], I ask unanimous consent that the conferees may have until midnight tonight to file a conference report on the bill S. 1.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 256)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in cer-

agreed to recommend and do recommend to tain economically distressed areas, having met, after full and free conference, have their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Area Redevelopment Act'."

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment op-

portunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another.

"AREA REDEVELOPMENT ADMINISTRATOR

"SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the 'Secretary') may assign.

"ADVISORY POLICY BOARD

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

"REDEVELOPMENT AREAS

"SEC. 5. (a) The Secretary shall designate as 'redevelopment areas' those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

"(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

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"(2) where the Secretary of Labor finds that annual average rate of unemployment has been at least—

"(A) 50 per centum above the national average for three of the preceeding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average of one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

"(b) The Secretary shall also designate as 'redevelopment areas' those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before extending any financial assistance as the result of designations under this subsection, the Secretary shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the extent to which 'rural development' projects have previously been located in any such area under programs administered by the Department of Agriculture, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making the designations under this subsection, the Secretary shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

"(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

"(d) As used in this Act, the term 'redevelopment area' refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

"LOANS AND PARTICIPATIONS"

"SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in cases of demonstrated need, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.

"(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

"(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

"(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

"(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

"(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

"(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

"(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

"(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in cases of demonstrated need, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

"(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

"(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

"(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

"(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"LOANS FOR PUBLIC FACILITIES"

"SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities,

within a redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

"(2) the funds requested for such project are not otherwise available on reasonable terms;

"(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

"(4) there is a reasonable expectation of repayment; and

"(5) such area has an approved economic development program as provided in section 6(b) (10) and the project for which financial assistance is sought is consistent with such program.

"(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-quarter of 1 per centum per annum.

"(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

"(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be reserved by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

"GRANTS FOR PUBLIC FACILITIES

"Sec. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

"(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

"(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

"(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b) (10) and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

"(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

"(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

"(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

"AREA REDEVELOPMENT FUND

"Sec. 9. (a) To obtain funds for the purpose of extending financial assistance under sections 6 and 7, the Secretary may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 6 shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 7 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

"(b) Funds obtained by the Secretary under subsection (a) shall be deposited in an area redevelopment fund (hereinafter re-

ferred to as the 'fund'), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom. Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be paid into the Treasury as miscellaneous receipts.

"(c) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

"(d) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

"(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

"(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"INFORMATION

"Sec. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"Sec. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the

Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

"POWERS OF SECRETARY"

"SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collector compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

"(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

"(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE"

"SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"URBAN RENEWAL"

"SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT"

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality

(in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c)."

"URBAN PLANNING GRANTS"

"SEC. 15. (a) Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after 'counties which' the following: '(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)'.

"(b) Section 701(b) of such Act is amended by adding before the period at the end of the first sentence a colon and the following: '*Provided*, That a grant may be made under this section to a city, municipality, or county described in clause (A) of subsection (a)(3), or to a State planning agency (as provided in clause (C) of subsection (a)(1)) for the provision of planning assistance to such a city, municipality, or county, for not more than 75 per centum of such estimated cost'.

"OCCUPATIONAL TRAINING"

"SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he

determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

"(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

"(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

"(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

"(f) In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations.

"RETRAINING SUBSISTENCE PAYMENTS

"Sec. 17. (a) The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the

individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amount of any such payment for any week shall be equal to the amount of the average weekly unemployment compensation payment (including allowances for dependents when appropriate) payable for a week of total unemployment in the State making such payments.

"(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

"(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

"(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

"(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

"PENALTIES

"Sec. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any

transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

"Sec. 19. No financial assistance shall be extended by the Secretary under section 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"RECORD OF APPLICATIONS

"Sec. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"Sec. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"ANNUAL REPORT

"SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"USE OF OTHER FACILITIES

"SEC. 24. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

"(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of five such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

"RECORDS AND AUDIT

"SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the

total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the costs of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

"LOANS TO LOCAL DEVELOPMENT COMPANIES

"SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

"RESEARCH

"SEC. 27. To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

"APPLICATION OF ACT

"SEC. 28. As used in this Act, the terms 'State', 'States', and 'United States' include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"TERMINATION OF AUTHORITY

"SEC. 29. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

"(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

"(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act."

And the House agree to the same.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.

PAUL H. DOUGLAS,
JOSEPH S. CLARK,
WILLIAM PROXMIRE,
HARRISON A. WILLIAMS,
EDMUND S. MUSKIE,
HOMER CAPEHART,
WALLACE F. BENNETT,
PRESCOTT BUSH,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of

the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The House amendment made 26 substantive changes in the Senate bill. In agreeing upon a substitute, the Senate conferees accepted 14 of these changes, while the House conferees receded on 8; compromises were reached in the other 4 cases. Except for clarifying, clerical, and technical changes, the differences between the House amendment and the substitute agreed to in conference are explained below.

"ANTIPIRATING" PROVISIONS

Both the Senate bill and the House amendment contained provisions in section 2 (statement of policy) and section 6 (authority for plant loans) barring assistance for industries relocating from one area to another. In section 2, the conference substitute provides that "under the provisions of this act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another." This follows the language of the House amendment except that the word "jobs" is used after "transferring," as in the Senate bill, rather than "employment opportunities," as in the House amendment. The conference substitute provides that assistance under section 6 shall not be used "to assist establishments relocating from one area to another." This omits the phrase "totally or partially" which was included after "relocating" in the House amendment. But the conference substitute includes the following language, which is virtually identical with language included in the House committee report, in explanation of how the prohibition is to be interpreted:

"The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations."

DESIGNATION OF RURAL AREAS

The conference substitute contains the following provisions, which were in the Senate bill but not in the House amendment, concerning designation of rural areas as redevelopment areas under the bill:

1. A requirement that detailed standards for designation of such areas must be prescribed before any financial assistance is extended as a result of such designations.

2. A provision that in making such designations consideration shall be given to the extent to which rural development projects have previously been located in such areas under programs of the Department of Agriculture.

3. A provision that in making such designations the Secretary shall endeavor to dis-

tribute projects widely among the several States, so far as feasible and proper, in order that actual experience with the program may be had in as many States and areas and under as many different circumstances as possible.

GEOGRAPHICAL BOUNDARIES OF REDEVELOPMENT AREAS

The Senate bill provided that areas designated as redevelopment areas for assistance under the new program could include "one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality." This provision was eliminated by the House amendment. The conferees agreed to follow the House amendment in this respect.

It is the intent of the conferees for both Houses that in designating industrial areas as redevelopment areas for assistance under the new program, the Secretary should have broad discretion. The data on eligible areas supplied to the Congress by the Labor Department during the hearings were based on existing labor market areas and the Secretary should certainly take this information into account in determining geographical boundaries of redevelopment areas.

At the same time, the conferees recognize that standard labor market area boundary lines may not be appropriate to the purposes of this act because smaller areas may be more realistic. The bill, therefore, does not necessarily require that the labor market area boundary lines be followed. It is contemplated instead that the Secretary of Commerce may establish appropriate new boundaries for redevelopment areas under the bill.

It is not, however, the intention of the conferees to authorize designation of part of a municipality as a redevelopment area in any case, but with that exception it is recognized that designation of redevelopment areas will not necessarily follow political boundary lines.

LOANS FOR MACHINERY AND EQUIPMENT

Section 6 of the Senate bill authorized loans for machinery and equipment for plants "in cases of demonstrated need." The corresponding provision of the House amendment authorized such loans "in exceptional cases." The conference substitute retains the language of the Senate bill.

APPROVAL OF APPLICANTS BY STATE

Section 6(b)(2) of the Senate bill provided for approval of applicants for section 6 loans (plant loans) by the State or political subdivision concerned, through an agency directly concerned with problems of economic development in the State or political subdivision. The corresponding provision in the House amendment required approval by the State; it did not authorize loans to applicants on the basis of approval by a political subdivision. The conference substitute conforms to the Senate bill.

INVESTMENT BY INDIAN TRIBES IN SECTION 6 PROJECTS

The House amendment provided (in sec. 6(b)(9)(B)) that a Federal loan could be made under section 6 only if at least 10 percent of the cost were invested by the State or political subdivision, or by a nongovernmental community or area organization. The Senate bill contained the same requirement except that it added "Indian tribes" to the list of organizations which might make the required 10 percent investment. The conference substitute conforms to the Senate bill.

COMPETITION WITH PRIVATELY OWNED UTILITIES

The Senate bill prohibited assistance under section 7 or 8 for public facilities which would compete with existing privately owned public utilities, unless the State regulatory body found a need for such service which the

existing public utility was unable to meet now "or through an expansion which it agrees to undertake." The House amendment substituted "is prepared" for "agrees." The conference substitute retains the provision of the Senate bill.

PUBLIC FACILITY GRANTS

The Senate bill permitted grants under section 8 covering the entire difference between the cost of the project and the amount obtainable from other sources. The House amendment limited the grants under section 8 to 65 percent of the difference between the cost of the project and the amount obtainable from loans and other Federal grant programs. The conference substitute follows the language of the Senate bill.

FINANCING OF LOAN PROGRAMS

The House amendment authorized appropriations to provide funds for loans under sections 6 and 7 of the bill. The Senate bill authorized the Secretary of the Treasury to obtain such funds through public debt transactions under the Second Liberty Bond Act. The conference substitute follows the provisions of the Senate bill in this respect but adopts the House provisions with respect to (1) the establishment of one area redevelopment fund (rather than three revolving funds as in the Senate bill), and (2) the requirement that the fund contribute to the civil service retirement and disability fund with respect to employees performing activities under sections 6 and 7.

URBAN PLANNING GRANTS

Both the House and Senate versions of the bill contained identical language making it possible for urban planning grants to be made directly to areas designated under section 5(a) of the Area Redevelopment Act as redevelopment areas. It is our understanding that this provision is not intended to bypass State planning agencies. Rather it is our understanding that the intention is to provide an alternative route for extending this planning assistance where deemed necessary or advisable but that existing State agencies will continue to be consulted and utilized wherever practicable.

The Senate bill also authorizes urban planning grants of up to 75 percent of cost for such areas. This provision was not included in the House amendment which kept the 50-percent limit applicable to urban planning grants under existing law. The House recedes. Under the substitute agreed to in conference, 75-percent grants could be made for such areas either directly or through State planning agencies.

REPORTS TO CONGRESS

The conference substitute follows the language of the House amendment as to reports to the Congress, and does not include all of the specific provisions of the Senate bill with respect to matters to be included in such reports. The conferees on the part of both Houses intend, however, that such reports shall give full and complete information concerning the operation of the program, and shall include the following items in addition to those specified in the act: (1) The total number of unemployed persons in redevelopment areas; (2) the total principal amount of loans outstanding under the act, the aggregate expenditures incurred by the Government in providing grants and other forms of assistance under the act, and the administrative expenses incurred by the Government in providing assistance under the act; (3) the number of applications for assistance under the act which are pending and the total amount of assistance requested in such applications; (4) the number of industrial or commercial enterprises which have commenced or expanded opera-

tions in redevelopment areas as a result of assistance under the act, the total asset value of such enterprises, and a description of each such enterprise in terms of whether it is an expanding enterprise already located in a redevelopment area, a wholly new enterprise, an enterprise which has moved from another area, or a branch of an existing enterprise located elsewhere; and (5) the total number of jobs directly created in each redevelopment area as a result of assistance extended under the act, and the Secretary's estimate of the increase in employment in each such area indirectly resulting from such assistance.

USE OF OTHER AGENCIES BY DEPARTMENT OF COMMERCE

The conference substitute follows the language of the House bill with respect to delegation of authority by the Secretary of Commerce to other Federal agencies. The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility. It is the understanding of the conferees that the Department of Agriculture has services and facilities available of requisite competence and experience for effectively carrying out such delegation. It is, therefore, the expectation of the conferees that this delegation to the Department of Agriculture will be made promptly upon enactment of the bill.

STUDY BY THE SECRETARY OF COMMERCE

The House amendment (sec. 27) directed the Secretary of Commerce, when the Department of Defense proposes to deactivate a permanent military installation or major unit thereof in an area where the employment rate is 6 percent or more, to make a study to determine the economic effects of such deactivation when requested to do so by the Governor of the State where the installation is located. It provided that the Secretary's findings would be transmitted to the Secretary of Defense and the Congress. The House recedes and the provision is omitted from the substitute agreed to in conference.

RESEARCH ON CAUSES OF UNEMPLOYMENT

The House amendment (sec. 28) directed the Secretary of Commerce to conduct a continuing program of study and research to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the Nation as a whole, and to assist in developing programs to solve these problems. The Senate bill contained no corresponding provision. The substitute agreed to in conference retains this provision with two amendments. One amendment provides that the study shall be made in cooperation with other agencies having similar functions. The second amendment eliminates the phrase "and in the Nation as a whole."

TERMINATION OF PROGRAM

The conference substitute contains a provision that was in the Senate bill but not in the House amendment, terminating the program on June 30, 1965. It also provides for liquidation of the program after that date by the Secretary of the Treasury. The carrying out of contracts, commitments, and other obligations theretofore entered into under the program would not be affected by its termination.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.

INTER-AMERICAN SOCIAL AND ECONOMIC COOPERATION PROGRAM AND THE CHILEAN RECONSTRUCTION AND REHABILITATION PROGRAM

Mr. PASSMAN, from the Committee on Appropriations, reported the bill (H.R. 6518) making appropriations for the inter-American social and economic cooperation program and the Chilean reconstruction and rehabilitation program for the fiscal year ending June 30, 1961, and for other purposes (Rept. No. 254), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House or the State of the Union and ordered to be printed.

Mr. WILSON of Indiana reserved all points of order on the bill.

COMMISSION APPOINTMENTS

The SPEAKER. Pursuant to the provisions of 16 United States Code 513, the Chair appoints as members of the National Forest Reservation Commission the following Members on the part of the House: Mr. COLMER and Mr. WESTLAND.

Pursuant to the provisions of section 1, Public Law 742, 83d Congress, the Chair appoints as members of the National Monument Commission the following Members on the part of the House: Mr. JONES, Mr. ULLMAN, Mrs. ST. GEORGE, and Mr. NYGAARD.

Pursuant to the provisions of section 3, Public Law 85-470, the Chair appoints as members of the National Outdoor Recreation Resources Review Commission the following Members on the part of the House: Mrs. PFOST, Mr. RIVERS of Alaska, Mr. SAYLOR, and Mr. KYL.

Pursuant to the provisions of section 1, Public Resolution 32, 73d Congress, the Chair appoints as members of the U.S. Territorial Expansion Memorial Commission the following Members on the part of the House: Mr. KARSTEN, Mr. HAYS, and Mr. CUNNINGHAM.

Pursuant to the provisions of section 105(c), Public Law 624, 84th Congress, the Chair appoints as members of the Committee on the House Recording Studio the following Members of the House: Mr. GARY, Mr. O'BRIEN of New York, and Mr. BOW.

Pursuant to the provisions of section 6, Public Law 754, 81st Congress, the Chair appoints as members of the Federal Records Council the following Members on the part of the House: Mr. STAGGERS and Mr. GOODELL.

THIRTEENTH BIRTHDAY OF STATE OF ISRAEL

(Mr. TOLL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. TOLL. Mr. Speaker, today is the 13th birthday of the State of Israel. Traditionally in Jewish chronology the 13th birthday is the day marking the growth into adulthood. The State of Israel has attained maturity not only in years. The population has increased from 790,000 to 2,128,000. Industrial production is now over a billion dollars. Exports are over a quarter of a billion, and imports over a half a billion. Agri-

cultural production is \$183 million. In 1960 a fleet of 53 ships handled 445,000 tons of cargo. Elementary school education to 600,000 students, and Israel has now over 22,000 teachers.

In the House today a distinguished rabbi of my district, Alex J. Goldman, the spiritual leader of the West Oak Lane Jewish Community Center, has delivered the opening prayer calling attention to this anniversary. The Philadelphia Zionist Council, in conjunction with the city of Philadelphia, has scheduled a celebration luncheon at the Warwick Hotel on Sunday, April 23, in honor of His Excellency, Michael S. Comay, Ambassador of Israel to the United Nations. Immediately following the luncheon a public celebration will be held at Independence Hall. The members of the Philadelphia congressional delegation will participate in this observance, and the Lieutenant Governor of the Commonwealth of Pennsylvania, the Honorable John Morgan Davis, will join with the Ambassador in commemorating Israel's bar mitzvah anniversary.

The chairman of the Philadelphia Zionist Council is the distinguished spiritual leader of the Germantown Jewish Community Center, Rabbi Elias Charry of my district. The chairman of the Independence Hall celebration is an outstanding leader of the Philadelphia bar, Herbert S. Levin, Esq.

I hope that at the next celebration of Israel's birthday I will be able to include a statement that Israel has been able to establish peace with her neighbors.

FEDERAL TAX SYSTEM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 140)

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on Ways and Means, and ordered to be printed:

To the Congress of the United States:

A strong and sound Federal tax system is essential to America's future. Without such a system, we cannot maintain our defenses and give leadership to the free world. Without such a system, we cannot render the public services necessary for enriching the lives of our people and furthering the growth of our economy.

The tax system must be adequate to meet our public needs. It must meet them fairly, calling on each of us to contribute his proper share to the cost of Government. It must encourage efficient use of our resources. It must promote economic stability and stimulate economic growth. Economic expansion in turn creates a growing tax base, thus increasing revenue and thereby enabling us to meet more readily our public needs, as well as our needs as private individuals.

This message recognizes the basic soundness of our tax structure. But it also recognizes the changing needs and standards of our economic and international position, and the constructive re-

form needs to keep our tax system up to date and to maintain its equity. Previous messages have emphasized the need for prompt congressional and executive action to alleviate the deficit in our international balance of payments—to increase the modernization, productivity and competitive status of American industry—to stimulate the expansion and growth of our economy—to eliminate to the extent possible economic injustice within our own society—and to maintain the level of revenues requested in my predecessor's budget. In each of these endeavors, tax policy has an important role to play and necessary tax changes are herein proposed.

The elimination of certain defects and inequities as proposed below will provide revenue gains to offset the tax reductions offered to stimulate the economy. Thus no net loss of revenue is involved in this set of proposals. I wish to emphasize here that they are a "set"—and that considerations of both revenue and equity, as well as the interrelationship of many of the proposals, urge their consideration as a unit.

I am instructing the Secretary of the Treasury to furnish the Committee on Ways and Means of the House a detailed explanation of these proposals in connection with their legislative consideration.

I. LONG-RANGE TAX REFORM

While it is essential that the Congress receive at this time this administration's proposals for urgent and obvious tax adjustments needed to fulfill the aims listed above, time has not permitted the comprehensive review necessary for a tax structure which is so complicated and so critically important to so many people. This message is but a first though urgent step along the road to constructive reform.

I am directing the Secretary of the Treasury, building on recent tax studies of the Congress, to undertake the research and preparation of a comprehensive tax reform program to be placed before the next session of the Congress.

Progressing from these studies, particularly those of the Committee on Ways and Means and the Joint Economic Committee, the program should be aimed at providing a broader and more uniform tax base, together with an appropriate rate structure. We can thereby work toward the goal of a higher rate of economic growth, a more equitable tax structure, and a simpler tax law. I know these objectives are shared by—and, at this particular time of year, acutely desired by—the vast majority of the American people.

In meeting the demands of war finance, the individual income tax moved from a selective tax imposed on the wealthy to the means by which the great majority of our citizens participates in paying for well over one-half of our total budget receipts. It is supplemented by the corporation income tax, which provides for another quarter of the total.

This emphasis on income taxation has been a sound development. But so many taxpayers have become so preoccupied with so many tax-saving devices that business decisions are interfered with,

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of April 26, 1961
87th-1st, No. 70

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HIGHLIGHTS: House passed bill to provide additional authorization for Public Law 480. House agreed to conference report on depressed areas bill. House committee voted to report bill to increase per diem travel rates. House committee reported Delaware River Basin Compact bill.

HOUSE

- 1. SURPLUS COMMODITIES; FOREIGN TRADE.** Passed without amendment S. 1027, to amend Public Law 480 so as to provide an additional authorization of \$2 billion during 1961 under title I for sales of surplus commodities for foreign currencies. This bill will now be sent to the President. p. 6322
Passed earlier without amendment a similar bill, H. R. 4728, which was tabled (pp. 6308-22). Rejected an amendment by Rep. Hoeven to reduce the authorization from \$2 billion to \$1.1 billion (pp. 6319-21). Rejected an amendment by Rep. Kyl providing that "Notwithstanding any other provisions of law any country programs under development resulting from country requests shall henceforth be reviewed and approved by the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate before being concluded" (pp. 6321-2).
- 2. DEPRESSED AREAS.** By a vote of 233 to 193, agreed to the conference report on this bill S. 1, the depressed areas bill. This bill will now be sent to the President. See Digest 67 for items of interest. pp. 6292-6306
- 3. DELAWARE RIVER BASIN COMPACT.** The Judiciary Committee reported without amendment H. J. Res. 225, to grant the consent of Congress to the Delaware River Basin Compact and to enter into such compact on behalf of the U. S. (H. Rept. 310). p. 6329
- 4. PERSONNEL.** The Government Operations Committee voted to report (but did not actually report) with amendment H. R. 3279, to increase the maximum rates of per diem allowance for employees of the Government travelling on official business. p. D283

5. FOREIGN AID. Rep. Dent inserted his statement before the Rules Committee in support of H. Res. 152, creating a select committee to conduct an investigation and study of the cost of foreign aid. pp. 6327-8
6. EDUCATION. Received from the President a proposed bill to "Extend and improve the National Defense Education Act;" to Education and Labor Committee. p.6329
7. RESEARCH. Received from GSA a letter relative to contracts negotiated for experimental, developmental, or research work, or for the manufacture or furnishing of property for same, during the 6-month period ending December 31, 1960. p. 6329

ITEMS IN APPENDIX

8. FOREIGN AID; APPROPRIATIONS. Speeches in the House by Reps. Hosmer and Wilson, Ind., during debate on the bill making appropriations for the Inter-American social and economic cooperation program. pp. A2837-9, A2854-5
Extension of remarks of Rep. Ellsworth inserting an article supporting aid to Latin America. pp. A2853-9
9. WATER RESOURCES. Extension of remarks of Rep. Albert commending Sen. Kerr as a "powerful champion of the conservation and development of our Nation's natural resources," and inserting Sen. Kerr's speech, "Water Needs of the Nation from 1980 to 2000." pp. A2843-5
10. FARM LABOR. Rep. Rogers inserted an article discussing the education of children of migratory farm workers and stated that it shows "the progress being made in Florida to solve problems relating to migrant farm labor which were left out of the television presentation 'Harvest of Shame.'" pp. A2847-8
Rep. Gubser inserted an article, "Bracero Program Defended," defending the practice of employing Mexican farm workers by domestic farm operators. p. A2854
11. BUDGETING; APPROPRIATIONS. Rep. Goodell inserted a speech by Sen. Keating favoring item veto authority for the President, establishment of a Joint Committee on the Budget, and a special session of Congress each year to consider appropriation measures. pp. A2853
12. EDUCATION EXCHANGE. Rep. Chamberlain inserted an editorial commending the international education exchange program. p. A2859
13. PEACE CORPS. Rep. Reuss inserted two articles commending the establishment of a Peace Corps. pp. A2861, A2867-8
14. FOREIGN TRADE. Extension of remarks of Rep. Shipley urging greater restrictions on the importation of articles injurious to U. S. industries. pp. A2862-3

BILLS INTRODUCED

15. RESEARCH. H. R. 6661, by Rep. Albert, to assist the States to provide additional facilities for research at the State agricultural experiment stations; to Agriculture Committee.
16. LANDS. H. R. 6678, by Rep. Aspinall, to authorize an exchange of lands at Wupatki National Monument, Ariz., to provide access to certain ruins in the



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No. 70

Senate

The Senate was not in session today. Its next meeting will be held on Thursday, April 27, 1961, at 12 o'clock meridian.

House of Representatives

WEDNESDAY, APRIL 26, 1961

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Revelation 19: 6-7: The Lord God omnipotent reigneth; let us be glad and rejoice, and give honor to Him.

O Thou whose divine sovereignty and authority we cannot doubt or deny and whose overtures and appeals of love we cannot silence, grant that we may seek Thy counsel and companionship as we strive to grapple victoriously with the hard facts and experiences of life.

May all the leaders and members of the various branches of our Government have that serene inner confidence and courage which will guide them through the bewildering confusion of our times and make them equal to every emergency.

Give them a clear perception of their responsibilities and inspire them with the devotion of our forefathers whose character and conduct enshrined our country's noblest ideals and traditions.

Help us to cultivate a lofty conception of the sanctity of Thy laws and cling with increasing tenacity of faith to the eternal truth that Thou reigneth and righteousness shall prevail whatever may be the posture and peril of the days in which we are living.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

JOINT MEETING TO RECEIVE THE PRESIDENT OF TUNISIA ON THURSDAY, MAY 4

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Thursday, May 4, 1961, for the Speaker to declare a recess for the purpose of receiving in joint meeting the President of Tunisia.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CORRECTION OF VOTE

Mr. ZELENKO. Mr. Speaker, on rollcall No. 42 on yesterday I voted "yea." The RECORD today shows I voted "nay." It has been determined that this is the result of an error in printing, and I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly, to show that I voted "yea" on rollcall No. 42.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE LATE VERY REVEREND ROBERT J. SLAVIN, O.P., S.T.D.

(Mr. McCORMACK asked and was given permission to address the House.)

Mr. McCORMACK. Mr. Speaker, the death last Monday of the Very Reverend Robert J. Slavin, O.P., S.T.D., president of Providence College, Providence, R.I., takes from our midst a great priest, an outstanding leader in the field of education, and a dedicated American.

There are few persons anywhere in the world who more clearly understood the evil mind of the Communist, or the dastardly intent of this destructive world conspiracy, than Father Slavin.

Father Slavin, or Father "Joe" as Mrs. McCormack and I fondly called him, was near and dear to us and considered by us as an immediate member of our family.

It was only last Wednesday, Thursday, and Friday while attending meetings in Washington of a committee discussing problems concerning pending legislation in the field of education, that he stayed with Mrs. McCormack and myself.

In 1926, Father Slavin entered the Order of Preachers, which is popularly known as the Dominican Order, and was ordained a priest in 1934.

A recognized authority on Thomistic philosophy—St. Thomas of Aquinas, the great philosopher of the Christian era—Father Slavin was professor of philosophy at Catholic University from 1936 to 1947.

In 1947 he was appointed as president of Providence College, which position he continuously occupied until his unexpected death last Tuesday.

A doctor of philosophy, master of sacred theology, Father Slavin was the recipient of many degrees and other honors. He was universally respected by persons of all creeds.

Father Slavin was truly a great priest, possessing an understanding mind, who broadened areas of agreement, and lessened, thereby, areas of tension and disagreement.

Father Slavin was an outstanding educator, and a man whose human friendliness and sympathy endeared him to millions. In his priestly service, Father Slavin was an entirely dedicated man. His magnificent intellectual attainments, his thorough academic training, his great physical energy, and the drive of his moral force, were all channeled to the service of the Catholic church and of his religious order, the Order of Preachers—the Dominican.

The task to which Father Slavin was assigned, the administration of Providence College, was one for which he was eminently suited by his capacities and turn of mind, and it was a task in which he achieved great things. He has built up the college, doubling the number of students, doubling the size of the faculty, carrying through and expanding an ambitious building program inherited from his predecessor, and adopting far-reaching measures for the improvement

of courses and educational methods in the college.

His knowledge and experience in the educational field has also been given generously and effectively to the Nation, through his participation in the work of such bodies as the American Council on Education, the Advisory Committee on New Educational Media of the U.S. Office of Education, and the Advisory Committee to the Surgeon General on medical education.

Father Slavin was the author of several important books, and the collaborator in the writing of other books, particularly on philosophy of education. He was one of the founders of the Thomist magazine, as well as the pioneer in perfecting theology courses on the undergraduate level.

Father Slavin was a member of a number of educational associations, such as the National Catholic Education Association, the American Association of Colleges and Universities, The National Catholic Philosophical Association, the Conference on Science, Philosophy, and Religion, serving on important committees of these associations.

The memory of this great priest, this outstanding leader in the field of education, this dedicated American, will always remain, in particular, in the minds and hearts of his brother priests of the Dominican Order in the minds and hearts of the students of Providence College for all time, as well as in the minds and hearts of countless of thousands of his friends and admirers. His influence for good will be felt, and his memory blessed, for many years to come, and by many who never had the privilege of knowing him. I knew and loved the man, and it is with deep grief that I mourn his passing.

The sorrow of Mrs. McCormack and myself in the death of Father Slavin is second only, and very close second, to the grief and sorrow of the loved ones he has left behind.

To his dear father, his sisters, one of whom is a Sister (Nun) of the Catholic church, and his brother, Mrs. McCormack and I extend our deep sympathy in their great loss and sorrow.

CALL OF THE HOUSE

Mr. PELLY. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PATMAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 43]

Ashley	Kearns	Powell
Baring	Kilburn	Riley
Blitch	Kluczynski	Roberts
Boykin	Knox	Rogers, Colo.
Bromwell	Laird	Shelley
Celler	Miller	Smith, Miss.
Davis, Tenn.	George P.	Teague, Tex.
Hays	Miller, N.Y.	

The SPEAKER. On this rollcall 404 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF RECORD

Mr. HARDING. Mr. Speaker, on rollcall No. 41 of yesterday, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER. Without objection, the permanent Record and Journal will be corrected accordingly.

There was no objection.

Mr. COLLIER. Mr. Speaker, on rollcall No. 41 of yesterday, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER. Without objection, the permanent Record and Journal will be corrected accordingly.

There was no objection.

AREA REDEVELOPMENT ACT

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of April 20, 1961.)

Mr. SPENCE. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. PATMAN. Mr. Speaker, 4 weeks ago today the House passed S. 1, the Area Redevelopment Act, by a vote of 251 to 167. The bill previously had passed the Senate by a vote of 63 to 27.

There is no question about the desperate conditions in the areas this legislation is designed to help. While there are some signs of an upturn in our economy, there has been no improvement in the unemployment figure, which now stands at 6.9 percent for the country as a whole, seasonally adjusted. Even a general upturn in the economy will not solve the problems of these hard-core areas, which have had heavy unemployment in good times and bad for years. They have been trying hard to work their way out of their difficulties, and they will keep working hard at it, but they must have some help from the Federal Government.

In the 85th Congress and the 86th Congress, legislation to provide this help was sent to the White House but was

vetoed. Today this House has the opportunity to send to the White House a bill we know the President will sign. This help is long overdue, and I hope that the House will agree to this conference report today so that the Federal Government can begin to meet its responsibilities toward helping to restore strong and vigorous economies in these areas, without further delay.

MUST BE VOTED UP OR DOWN

The conference report has been adopted in the Senate and the conferees have been discharged. The question today is a question of voting up or down this conference report.

Amendments will not be in order, a motion to recommit to the conference committee will not be in order, because there is no conference. This is an opportunity to vote for this bill or against the bill only. I doubt, and I seriously doubt, and I have reasons to state that doubt, that if this conference report is not adopted here in the House we will not have any area redevelopment bill during this session of the Congress. In other words, this is it. We either vote for it or against it.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. In the first place, we should have acted first on this conference report, in which event we would have had the opportunity to offer a motion to recommit. However, the gentleman knows that if this conference report is voted down the chairman of the committee would have no other alternative except to ask for a further conference, with the appointment of new conferees, and get a bill. I do not think the gentleman should be inclined to scare people to death.

Mr. PATMAN. The gentleman is trying to scare folks, I am not. I am telling the truth, and I know what the situation is. If this conference report is defeated, the Senate can act or not act. I have reason to believe the Senate will not act. There is no way on earth for the House of Representatives to compel the Senate to act, and the minority leader knows that. We cannot force the Senate to act.

Mr. HALLECK. As I understood the gentleman's statement, it was to the effect that there would be no further effort to get a bill.

Mr. PATMAN. That is my opinion.

Mr. HALLECK. That is where I disagree with the gentleman. In other words, many Members are for a depressed areas bill, but they are against the backdoor spending that is provided. There is no reason in the world why it cannot be amended, and it can be amended if the conference report is voted down.

Mr. PATMAN. I know the gentleman would like to get off the difficult spot he is on. His side is in the position of being against unemployed and against the depressed areas bill. I would like to get him out of that position. I do not blame him. There is only one way to do it, and that is to vote for this con-

ference report, because if you vote against it, I am giving you warning now, there will be no depressed areas bill this session. This is the only opportunity. If you are against it, vote against it.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. I notice on page 23 of the report this language:

The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility.

Is it perfectly clear that the Secretary of Commerce will delegate all phases of this bill to the Secretary of Agriculture which affects rural areas?

Mr. PATMAN. The very next sentence would have answered the gentleman's question. It is right here in the report:

It is, therefore, the expectation of the conferees that this delegation to the Department of Agriculture will be made promptly upon enactment of the bill.

Mr. COOLEY. That means all phases of the bill?

Mr. PATMAN. Yes.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. McDONOUGH. I appreciate the gentleman's desire to explain the conference report.

Mr. PATMAN. Just for a question.

Mr. McDONOUGH. The question is, Was not the gentleman one of the most adamant Members on the Democratic side against back-door spending until within the last 24 hours of the conference?

Mr. PATMAN. I was representing this House as a conferee, and I was standing up for the House bill against the Senate bill. But two things happened, one thing right here on the floor of the House. While I was standing up with the Senate conferees this House, in a way that could be considered by unanimous consent, passed a bill that just pulled the rug out from under us as conferees. There we were standing up against the adamant Senate expecting to have the House provision on financing adopted, and this House right here where we are now passed another bill.

Mr. McDONOUGH. What bill?

Mr. PATMAN. The veterans housing bill that provided for 2½ times as much money, I believe by unanimous consent, carrying the Senate provision on financing. So what could we do?

Now, here is where I say it was by unanimous consent. A motion was made to recommit, to strike out the method of financing. Any Member of the House could have asked for a division. Not one asked for a division. Any Member of the House could have demanded a rollcall because there was not a quorum present. No Member did. The minority leader was sitting right there at the time. He did not ask for a division. He

did not ask for a rollcall. Therefore, that bill passed unanimously. There we were standing up with the Senate objecting to their method of financing and the House adopting a bill at that very time that carried 2½ times as much by unanimous consent.

Mr. LOSER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Tennessee.

Mr. LOSER. I recall the other day when this bill was originally considered in the House that the distinguished gentleman from Texas [Mr. PATMAN] made the statement that 10 times as many counties or governmental agencies would qualify for benefits under this bill as would receive it by reason of the small sum authorized in the bill. Now, my question is this: There has been a complete revision of the formula set out in the House bill.

Mr. PATMAN. Just ask a question, please, sir, because my time is very much limited.

Mr. LOSER. I am asking if there has not been a complete revision of the formula under which the State governmental agencies could qualify for aid under the bill.

Mr. PATMAN. I do not agree.

Mr. LOSER. Is not the language entirely different in the conference report?

Mr. PATMAN. It remains substantially the same. And, I will state to the gentleman that I do not believe I said 10 times as much. I do not believe I used any figure, and I doubt that it would have been inaccurate if I did, but I do know that there is not near as much money as will be needed. And most of these projects could properly be designated as pilot projects. But, at least, a start will be made to help distressed areas and help the unemployed. You have that chance.

TWENTY-SIX DIFFERENCES RESOLVED

This conference report is a compromise, worked out after 4 weeks of hard negotiations, informally as well as in formal conference between the managers on the part of the House and Senate. Of the 26 issues in conference, the managers on the part of the Senate yielded on 14; the managers on the part of the House yielded on 8; and compromises were reached on the remaining 4. The so-called antipirating provisions were compromised in a way that strengthened them considerably over the original Senate bill, because the strong antipirating language of the House committee report was written right into the bill in conference. The Senate conferees yielded and accepted the Scranton amendment, which puts the section 6 plant loan program on a business-like basis by making certain that the required 10 percent State or local investment, and the required 5 percent private investment, are subordinate to the Federal loan. The Senate also agreed to the House provisions extending the Small Business Administration's authority to make loans to local development corporations, which is now due to expire June 30. We also succeeded in persuading the Senate conferees to accept without any modification the provisions of

the House bill concerning public facility loans, the House provisions on occupational training, and the strong provisions of the House bill requiring that the Secretary of Commerce utilize other existing agencies to the fullest extent practicable so as to avoid the duplication of existing staffs and facilities.

FINANCING PROVISION MAJOR DIFFERENCE

As in all compromises, we had to give in on some things to reach an agreement. For 4 weeks we tried to find some means of persuading the Senate conferees to accept the financing provisions of the House bill. We fought hard to convince the Senate conferees of the soundness of the House provision. But you should realize that the Senate conferees were convinced that if they accepted the House provision requiring that these funds be obtained by appropriations it would kill the program. When we argued that they were endangering passage of the bill by insisting on public debt transaction financing, we actually discovered that there was a strong feeling among the Senate conferees that it would be better not to have a bill than to accept the House provision. Still, we fought on, until the President indicated that in order to break the deadlock he felt we should recede. We then agreed to do so, in order that some agreement could be reached.

HOUSE YIELDED ON FINANCING

While I tried hard to keep the appropriations provisions of the House bill, I am now prepared to accept the Treasury financing provisions agreed to in conference. There are respectable and impressive arguments against this type of financing, but I think we should keep the argument in perspective. While there have been repeated charges that this type of financing somehow violates the Constitution, I have never seen one single opinion of a court of law cited in support of this charge. My own reading of the opinions of the Supreme Court and legal commentators on this point convinces me this is perfectly consistent with the Constitution, and of course it has been used for over 30 years in programs involving billions of dollars, without ever having been ruled unconstitutional by the courts. The epithet "back-door spending" has been applied so frequently to this type of financing that the impression has been created that it has been used to squander public funds surreptitiously under programs that could not stand the light of day. Let me remind the House that this type of financing has a distinguished history, both in terms of social objectives it has helped to achieve and in terms of dollars earned for the Treasury in the process. The Home Owners Loan Corporation refinanced mortgages on more than a million homes with this type of financing. It paid into the Treasury, on liquidation, net earnings of \$14 million, after repaying all Treasury investments and meeting all costs.

TYPE OF FINANCING NOT UNUSUAL

The Veterans' Administration's direct home-loan program uses this type of financing, and, of course, the House ap-

proved legislation continuing this program less than 2 weeks ago. Through 1960, \$1.5 billion had been loaned under this program, which has shown a profit of \$74 million to the taxpayers, as the House was told 2 weeks ago by the gentleman from Texas [Mr. TEAGUE] and the gentleman from Indiana [Mr. ADAIR]. Other typical examples of earnings under programs financed with public debt receipts are \$367 million for the Federal National Mortgage Association, \$613 million for the Export-Import Bank, and \$485 million for the International Bank for Reconstruction and Development.

NO GIVEAWAY PROGRAM

This bill is not a giveaway program. This type of financing would be used only for loans, which will be repaid to the Treasury with interest, in the same way the other programs I have referred to have operated. It worked well in those programs, showing a direct profit to the taxpayers as well as tremendous indirect profits by strengthening our economy. It will do the same thing here.

TERMINATION DATE 4 YEARS

One of the eight provisions the House conferees yielded on was a provision of the Senate bill terminating the program on June 30, 1965. We agreed to this simply to make sure that no one can charge that the public debt financing provisions prevent congressional review of the program. Even without this termination date, there will, of course, be an annual review when appropriations are requested for administrative expenses and grants under the bill. But this termination date assures the Congress of the opportunity for a complete review of the entire program within a reasonable period of time. It provides a 4-year period in which the program must prove itself or come to an end.

I urge you to accept this compromise bill. It is desperately needed, and I am convinced it is the best bill we can get under the circumstances. We should send this bill to the White House so that this program can get underway without further delay.

NEEDED: A NEW LOOK AT AMERICAN BANKING

Mr. Speaker, America's banks can play a central part in reinvigorating depressed areas. But to do this job requires banks intimately familiar with local conditions and with local people. Chain banks with branches in small towns are not able to supply this personal touch. Hence, our concern with depressed areas cannot be separated from what has been happening to America's banking system. I submit, therefore, it is appropriate that we take a new look at America's banking system, and analyze whether it is carrying out its obligation to serve communities throughout America.

The American Constitution grants to the Federal Government the right to create and determine the value of money. Although this right resides in the Federal Government, it has seen fit to delegate this right largely to commercial banking interests. When the Federal Government delegates one of its constitutional prerogatives to private

persons, such persons have a fearful and sacred duty to use this power in the public interest. Has the American banking community discharged this obligation to the public?

The entire banking system has been transformed drastically in recent years, and the events of recent months warn of further upheavals surpassing anything experienced previously. I submit that we have ignored the developments in this industry for too long.

Developments in monetary affairs touch upon every part of America's economic life. Money is the bloodstream and banks are the heart of every economic system. Because banking is such a vital organ in our economic system, many well-meaning persons have urged that only delicate surgery be performed upon it. But there is such a thing as being too delicate, of being too cautious, of fearing to do anything which might cause some pain. When the very life of the patient is at stake, however, we must risk more extensive surgery. And experience with the banking system leaves no doubt in my mind but that it is sufficiently hardy, although somewhat obese, to withstand even the most radical surgery. Although today I am not proposing extensive surgery, I do feel that we can wait no longer to make an examination to determine whether such surgery is necessary. The banking community's performance has not been satisfactory for some time, and I am not sanguine about the prospects of improvement.

I should like to review a few of these developments with you today.

DECLINING BANKING SERVICES

In 1921 there were 31,076 banks. Since then the American population increased from 109 to 180 million. Since then the gross national product increased from \$74 to \$503 billion. Since then the money supply has increased from \$21 to \$144 billion. But in spite of the tremendous growth of the American economy over the past 40 years, the number of banks decreased by over one-half to just 13,999 in 1960.

This centralization of banking facilities has resulted in the demise of hundreds of local banks in many communities throughout America. As a result many local communities are completely without banks, and even more often local banks have been acquired and turned into branches of vast banking institutions or units of immense holding companies.

When a community loses control of its local bank, the entire community is the loser. Control over the community's money shifts from main street to some impersonal banker in a faraway city. Local merchants must deal with hirings and clerks rather than deal face to face with the owner. The human element which is the heart and soul of small business dealings is replaced with the impersonal accounting of debits and credits. This development is one of the leading causes for the deterioration of American community life; it is one factor which is transforming the population of main street in many communities from proud local merchants and

bankers to clerks and employees of chainstores and chainbanks.

CONCENTRATION MEANS CONTROL OF MONEY

The increasing concentration in American banking gives bankers more and more control over the money market. In a market economy, variation of interest rates can play a powerful role in ending recessions. As a recession sets in, interest rates fall, thereby encouraging borrowing for business expansion. But the vast concentration of banking power has largely negated the responsiveness of interest rates to changing economic conditions. Interest rates still go up with booms but come down very little during recessions.

This is an open secret. All but the most naive are aware of the tremendous power bankers possess over interest rates. For example, *Business Week* magazine in a story entitled "Big Mergers and Good Profits" reported:

There's no doubt that the good earnings of the banks in 1960 are largely due to the slowness of bankers to reduce their lending rates. Not until late August, months after open-market interest rates had dropped, did they cut their prime lending rate.

Joint Resolution 375, calling for a moratorium on bank mergers, which I introduced on April 17, and which has been referred to the House Banking and Currency Committee, is directed at preventing further irreversible deterioration in community life and further increase in banking concentration. Such a moratorium will give us time to take a new look at American banking before it is too late.

BANK MERGERS ON RISE

Bank mergers have taken an awful toll over the past 40 years. Since 1921 nearly 10,000 banks have been consolidated, merged or acquired. The merger tempo has been high for many years. But it accelerated after 1950. In every year since 1952 there have been over 100 bank mergers, and for the past 8 years there has been an average of about 170 bank mergers annually. And the situation seems to be accelerating further. Immense consolidations have been consummated and more are in the works. *Business Week* reported as follows on February 4, 1961:

The first proposal for a suburban acquisition by a New York bank came in September, when Bankers Trust Co.—sixth in deposits in the city and eighth in the Nation—announced plans to join with County Trust Co., the largest in Westchester County, in a holding company.

Since September, merger proposals have come thick and fast:

Manufacturers Trust and Hanover Bank said they planned to merge. This would not affect the suburbs, since both banks operate entirely within the city except for overseas offices, but it will have a big effect on bank competition in the New York money market, since it would unite a major retail bank (Manufacturers) with one of the few remaining wholesale banks (Hanover).

Morgan Guaranty Trust Co., already the largest wholesale bank in the United States, announced plans to set up a holding company to span New York State from end to end. This would probably create the Nation's largest bank holding company, with assets of over \$6 billion. Currently the No. 1 holding company is Firtsamercia Corp., whose latest statement showed assets of \$4.9

billion. Morgan Guaranty plans to join with Manufacturers & Traders Trust Co., in Buffalo, Lincoln Rochester Trust Co., National Commercial Bank & Trust Co. of Albany First Trust & Deposit Co. in Syracuse, Oneida National Bank & Trust of Central New York, and First-City National Bank of Binghamton. All six upstate banks are active in retailing.

THE TREND SPREADS

The New York banks weren't the only ones that became merger minded during 1960:

In Chicago, Continental Illinois National Bank & Trust Co.—No. 2 in the city behind First National Bank—announced a merger with City National Bank & Trust Co. of Chicago. Had the deal gone through on December 31, it would have added \$392 million to Continental Illinois' \$2.5 billion in deposits and would have pushed it ahead of First National. Final approval would mean that City National and its employees would have to move en masse into Continental's giant headquarters in the Loop, since Illinois prohibits all forms of branch banking.

In Philadelphia, in another move that would upset traditional leadership, Philadelphia National Bank is bidding to combine with Girard Trust Corn Exchange Bank. The merger would give Philadelphia National about \$2 billion in assets, clearly the biggest in its area and topping First Pennsylvania Banking & Trust Co. by a wide margin. In addition, the branch system of the projected Philadelphia Girard National Bank & Trust Co. would blanket the Philadelphia metropolitan area.

In Boston, State Street Bank & Trust Co. plans to absorb Rockland-Atlas National Bank, in a move that would supplant National Shawmut Bank as the second largest in Massachusetts. The merged bank would have \$530 million in deposits, compared to National Shawmut's \$452 million. However, First National Bank of Boston would remain far out in front.

ANTIMERGER POLICY FRUSTRATED

Congress has expressed frequently its concern over the trend and results of bank mergers. It has given authority to rule on the desirability of particular mergers to various agencies. The Comptroller of the Currency has jurisdiction over national banks. The Federal Reserve has jurisdiction over State-chartered banks of the Federal Reserve System and bank holding companies. The Federal Deposit Insurance Corporation has jurisdiction over insured State-chartered banks. Although the Justice Department is required to give an opinion to the responsible agency on whether a merger would have an adverse effect on competition, these agencies need not be bound by Justice's opinion. For example, last week the Federal Reserve Board, reportedly by a three to two decision, approved a proposed merger between the State Street Bank & Trust Co. and Rockland-Atlas National Bank, both of Boston, despite an adverse opinion on the competitive factor from the Justice Department.

I understand that recently Treasury Secretary Dillon made an agreement with the Justice Department that the Comptroller of the Currency would withhold final approval of mergers within his jurisdiction if the Justice Department objects. It is also reported that the Justice Department has been seeking similar agreements with the Federal Reserve Board and the Federal Deposit Insurance Corporation.

I am not sure how the Federal Reserve Board goes about assessing what is in the public interest. But clearly the effect of a merger on banking competition is not a very critical factor in its analysis. This is unfortunate. And those interested in preserving a competitive economy must seriously question the value system embraced by the Federal Reserve Board.

Either we are for a competitive economy or we simply give lipservice to one. We have been drifting far too long in our policy toward American banking. The hour already is late and we must act before the final hour is struck. This calls for drastic action now.

It is for these reasons that I have offered for the serious consideration of Congress, House Joint Resolution 375, a joint resolution calling for a moratorium on bank consolidations, mergers and acquisitions.

Mr. Speaker, in the area redevelopment bill conference report there is a provision about urban planning grants as follows:

URBAN PLANNING GRANTS

Both the House and Senate versions of the bill contained identical language making it possible for urban planning grants to be made directly to areas designated under section 5(a) of the Area Development Act as redevelopment areas. It is our understanding that this provision is not intended to bypass State planning agencies. Rather it is our understanding that the intention is to provide an alternative route for extending this planning assistance where deemed necessary or advisable but that existing State agencies will continue to be consulted and utilized wherever practicable.

The Senate bill also authorizes urban planning grants of up to 75 percent of cost for such areas. This provision was not included in the House amendment which kept the 50-percent limit applicable to urban planning grants under existing law. The House recedes. Under the substitute agreed to in conference, 75-percent grants could be made for such areas either directly or through State planning agencies.

SMALL TOWNS ARE URBAN

President Kennedy's proposal—which I favor—for creation of a Cabinet-level Department of Urban Affairs and Housing to help prevent the appalling deterioration of many of our urban areas should remind all of us that this appalling deterioration is just as much of a spreading cancer in Small Town, U.S.A.

While we are considering legislation to aid depressed areas, let us also look into some of the causes of depressed areas. One main cause of the blight—particularly in our smaller urban areas—is the concentration of economic wealth in our larger metropolitan areas at the expense and to the economic distress of smaller communities.

However, this withering blight has affected communities of all sizes and action must be taken to remedy a curse that is sapping the strength of our economy.

Let me say again that I endorse the President's recommendation with the understanding that the small town would receive equal recognition, equal representation, and equal treatment with her bigger-sister cities in charting a constructive course for the Nation's econ-

omy. I am confident President Kennedy will concur in this.

The small town with its locally owned independent industries and stores, its owner-occupied dwellings and tree-lined avenues has been, and should remain, the backbone of our Nation.

WALL STREET RUNS MAIN STREET

But now—as I have stressed before—Main Street is being run by Wall Street. We can no longer think of Main Street as a place of hometown merchants—a community of locally owned, independent shops, banks, and service establishments. It is true that the stores are still there, but the store front is a false front as far as local ownership is concerned. The Main Streets of the Nation's crossroads communities are largely owned and operated by a few nationwide corporations. It is almost tantamount to authorizing outsiders to erect tollgates at the city limits sign to extort local resources for uses in far distant environs. It is centralized control by absentee directors. Through little expense to themselves these absentee directors control a community's destiny and drain its financial resources away from the locality and into the big cities. This tends to make us a nation of salaried clerks and shop attendants for the financial benefit of absentee financial autocrats who have no interest in the locality's community life, its homes, schools, churches. Financial Autocrats, Inc., cares not whether or if Small Town, U.S.A., has sufficient revenues for its educational, religious, and recreational facilities. The absentee-owner is not interested in parks and playgrounds, in streets and sidewalks, and the scores of services a modern community is obligated to provide for a healthy and wholesome community life.

IMPAIRS ENTIRE ECONOMY

We must keep up our fight for small business and our free enterprise system. We must not fail because failure will hurt not only small business but our country. In the interest of the public, we must reverse the present trend toward concentration and control of business by a few giants. Unless we reverse the trend toward concentration, it means that community life will be destroyed. Unless we do something—not just to stem the trend, but to turn the tide—we will not only lose control of affairs in our communities, but invite the suicidal prospect of having the country's entire economy taken over by a totalitarian or socialistic type of centralized power. We know that there is but a short step from centralized control of business by a few giant corporations to socialism. Our best insurance against socialism or any form of totalitarianism is in the strength and vigor of many small and independent business institutions of all kinds scattered throughout our land.

I have called attention to the plight of the small, independent businessman on many occasions. Two years ago, to cite a specific case, I referred to columns written by Sylvia Porter about the historic city of Louisville. Here, in part, is what she said:

If you work for a manufacturing firm in Louisville today, the odds are better than

6 to 4 that you are an employee of a plant owned by outsiders—controlled by interests far removed from your hometown.

More than 60 percent of the manufacturing jobs in your proud, 187-year-old Kentucky city are in absentee-owned corporations. Decisions of crucial importance to you, your family, your entire community are not made by Louisville residents; often they're made by tycoons, efficiency experts, or financiers who only rarely visit your city.

If you work for a big retail store in Louisville, the odds are a towering 8 or 9 to 1 that you are working for a branch, a coast-to-coast chain.

REALITY IS HERE

Of Louisville's seven biggest stores, only one is homeowned and that one is No. 5 in size. Your store manager may appear in charge but it's most improbable that the key policies are set by him. Rather, the likelihood is they're fixed at headquarters elsewhere.

In Louisville, absentee ownership of industrial plants, stores, major service organizations is no longer a threat arising from the great merger trend of this decade.

Here, the trend—which I first reported from Rochester, N.Y., a month ago—has become a startling reality. And the implications go far beyond the obvious—the inclination of imported managers to disregard local charities, to give only minimum support to city groups.

In Louisville, absentee control is striking at the very industrial and financial heart of the city itself. Here is a tale which cites the Nation over will ignore at their own peril.

STRICTER CONTROLS NEEDED

Is this digression a condemnation of big business per se? Not at all. Big business brought us mass production which, in turn, brought our Nation dynamic strength and economic growth.

But I am convinced that decisive action must be taken to protect the smaller businessman and his community against unfeeling greed. Perhaps James C. Worthy, a vice president of Sears, Roebuck & Co., expressed it better in his book, "Big Business and Free Men." He said:

We can preserve democracy as we can preserve free economic institutions, only by holding them in continuous danger of being destroyed from within—not by their enemies but by their friends, their own citizens who have freedom to act but who must be depended upon to act with judgment and restraint and with proper consideration for the general welfare as well as their own.

It is my contention that too often our industrial emperors fail to act with the judgment and restraint with proper consideration for the general welfare. We cannot condemn them for doing everything the law allows, and that is all they are doing. But should not we change the laws for the good of the general welfare?

Prior to the President's recommendation of a Department of Urban Affairs and Housing, I had given considerable thought to proposing a Department of Small Business on a Cabinet level. While I favor the President's proposal, I do believe that—if the President's recommendation becomes reality—strenuous efforts must be made to guarantee that Small Town, U.S.A., will receive the same recognition and consideration as the major metropolitan areas.

I think we have reason to fear that such a department will have a strong

tendency to give preferential consideration to large cities at the expense of the smaller communities, unless provisions for serving the smaller communities are spelled out. And this, any administrative official in the same situation could do easily without intent. The larger cities have well-paid professional staffs—lawyers, engineers, city planners—who are alert to every service or aid made available by the Federal Government. They would be the first to rap on the door of a new department for help. The smaller cities, not so well staffed, would be slower to learn the ropes and take advantage of any assistance or guidance offered. The larger cities also are in close touch with Government departments and agencies and their staff personnel are frequent visitors to the Nation's Capital. This is exactly what happened when the 1949 Housing Act was passed. The big cities were Johnny-on-the-spot for grants, loans and planning advances. The smaller cities came along later and got what was left, and some years that was nothing.

SMALL BUSINESS DIVISION

If it is the sense of Congress to establish a Department of Urban Affairs and Housing, I urgently recommend creating a separate Division for Smaller Community Development within the Department.

My fears that big city influence would dominate a Department of Urban Affairs and Housing prompt me to continue pounding away for coequal status for the smaller communities. With the metropolitan areas already draining the resources of our smaller cities, how incomprehensibly unjust it would be for the Government of the United States to take tax revenues from smaller communities to benefit those who happen to work and live in large cities. To prevent this discrimination, equal treatment protection must be provided for smaller communities—perhaps headed by an assistant secretary—if this Department is established.

What are some of the things a Division for Smaller Community Development could do for these areas? What are the needs to be met? Here are a few:

This Division would investigate and study problems relating to highways, public services, water resources, schools, financing, recreation, law enforcement, and with special emphasis on business, industrial development, and housing. It would seek to improve Federal, State, and smaller town cooperative efforts, and serve in an advisory capacity to small communities on programs calling for Federal participation or Federal assistance.

This Division also should involve itself with municipal securities of smaller communities. There is no genuine, adequate, dependable, competitive market for these municipal securities which makes it necessary for these smaller communities to be protected. There is a premium on securities for the larger cities.

These problems, although not of great and major importance to larger cities, are an enigma to smaller communities. Many larger cities have practically no need for the services and assistance

needed so desperately by the smaller communities.

Mr. Speaker, I submit that a Division to help small communities could spearhead their revival to a vigorous community and business life.

In past years bill have been introduced in both bodies of Congress to establish independent commissions on problems of small towns. One was introduced in the House early this year by the Honorable THOMAS F. JOHNSON, of Maryland, and has been referred to the House Committee on Government Operations. Introduction of legislation of this nature shows that the problems of small towns are recognized. We must not ignore them. The problem before us as Members of Congress is to determine what constructive action to take to correct them, and to act effectively to help those who live in communities housing the major portion of the Nation's population.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Speaker, we will debate today, in the short time at our disposal, not the enactment of a depressed areas bill or distressed areas bill but the method of financing of that bill. And, this is important to remember. Remember that the House conferees abandoned the former administration position of financing through the appropriation process.

When we can finance \$45 billion of national security a year through the regular appropriation process there just is no excuse for abandoning a basic principle of fiscal responsibility and placing the financing of this new depressed area program on a back-door Treasury financing basis.

This is a new program. In a large sense it is an experimental program. It contemplates weak loans. It is a program that will grow into the billions. Its termination date is a tranquilizer for the Members of the Congress. If ever an activity of the Federal Government should be placed under the regular appropriation process, this is it. That is a decision we must make today.

By design and not coincidental, the House is required to make this decision the hard way. To defeat this back-door spending approach it is necessary to vote down this conference report. But it is important to note, that it will not kill the legislation.

If and when that is done, a request is in order to appoint new conferees, and those new conferees can be instructed to insist on the House provisions that the program be financed through the regular appropriations process. So a clear-cut test can then be made solely on the question of back-door spending.

If this conference report is voted down, it is unthinkable that a request would not be made promptly for appointment of new conferees. The situation is that we have a Senate-passed bill and a House-passed amendment thereto. Actually those actions remain alive for the remaining days of this Congress with the differences to be resolved through the conference process. It can be done at any time, but I repeat it

would be unthinkable that a request for a new conference would not be made promptly.

When we went to conference, frankly I was shocked, and I believe the Democratic conferees from the House were more shocked, when the administration abruptly did a flip-flop and about-face on the financing provision of this bill.

On February 20 of this year, shortly after the administration had sent to the Congress its proposed new distressed areas bill, H.R. 4569, I issued a statement in which I called attention to the fact that the new administration had provided for expenditures under the regular appropriation process in sharp contrast to the back-door financing provided in S. 1, the original Douglas bill. I ended that statement, in which I made other comments about changes in the bill, including placing administration in the Department of Commerce, by saying, "There is more care than scare in this proposal." Now the care is gone.

I again want to repeat that I am shocked and I am sure the Democratic conferees are shocked by the unexpected and abrupt about-face of the administration on the question of responsible financing. Why has the administration suddenly determined that it cannot trust the members of the Appropriations Committee of the House of Representatives? Why is the administration seeking to bypass and circumvent the Congress, eliminating the responsible method of legislation for our country? I fear the connotations of this development with a trend toward government by appointees and not by elected representatives.

The proposed program is acknowledged by all to be only a pittance toward solving unemployment problems. If this method of financing is permitted and the door is opened for unlimited spending without check and balance, Congress and the country can rue the day this action was permitted. I again repeat what I have said before, that to vote down this conference report at this time will not prevent enactment in this session of a responsible depressed areas bill. Conferees may rapidly be appointed and the House position demonstrated as with respect to financing the program.

In case there are any lingering doubts about this threat to fiscal responsibility, members of this body and the Appropriations Committee should carefully note the power squeeze play that is being applied. The Senate acted first on this bill. The House amended the bill and the Senate asked for a conference. Normally the papers would go to the House and the House would act first on the conference report. If that were done, a motion would be in order to recommit the conference report with instructions that the House conferees insist that the appropriation provision of the House amendment be retained. That would give a clear-cut test on the issue without jeopardizing enactment of the bill. But, as of now, the regular conference procedure is not to be followed. The Senate has retained the papers, the Senate will act first on the conference report and presumably adopt it, and the Senate conferees will be discharged.

Then the conference report will come to the House on a take-or-leave-it basis. The conference report must be voted up or down.

That is a rough, power squeeze play challenge to the authority of the Appropriations Committee and to this House on the question of fiscal responsibility. No longer is it just a question of the House approving or disapproving a depressed areas bill. Bigger principles are now involved. I hope the House will meet this challenge head on and for what it is. If procedure is to be followed which makes it necessary for the House to vote down the conference report to preserve fiscal responsibility, that, in my opinion, is what the House should do.

The Wall Street Journal of April 26, 1961, contains the following article I commend to your attention:

BACKDOOR SPENDING—DEPRESSED AREA PROGRAM TO JOIN LONG LIST FINANCED DIRECT FROM U.S. TREASURY

(By John A. Grimes)

WASHINGTON.—A familiar fiscal drama is scheduled for performance in the House of Representatives today, enhanced by the debut of a new star—the Kennedy administration.

The attraction is billed as a vote on a proposal to provide \$451 million in Federal grants and loans to aid areas of chronically high unemployment. But the substance of the plot will deal, not so much with the advisability of initiating the new program, but how to finance it. As fashioned by a Senate-House conference committee, the proposed legislation calls for direct withdrawals from the Treasury rather than requiring the program to rely on annual spending grants from appropriations committees dominated by economic conservatives.

This direct withdrawal device, dubbed "backdoor spending" by its foes, is not new; far from it. The financing scheme has expanded from a special arrangement to propel the late, and largely unlamented, Reconstruction Finance Corporation into making business loans during the great depression until it now supports more than two dozen Federal programs ranging from home loans to ship mortgages to farm price support loans. More than \$100 billion of taxpayers' money has been dispensed without resort to the appropriations process; authority to dole out another \$25 billion already is on the books.

READY AND WILLING

Despite this long run, today's performance takes on some of the excitement of a first night. For the Kennedy administration is ready and willing to find out whether it will be able to make even more extensive use of the controversial spending approach. Already the President has asked Congress to permit him to bankroll a \$7.3 billion 5-year program of foreign development loans by tapping the Treasury directly. And, though the administration didn't plan to make the depressed areas bill a key test of Congressional attitude, the die has been cast. A defeat today would bode ill not only for the Development Loan program but also for future attempts to travel directly from the White House to the Treasury building next door. A victory, though it would not assure the success of the controversial development loan and other programs, would surely aid the effort. Says one observer: "The Kennedy administration would like to make as much use of back-door spending as it thinks it can." The former Eisenhower administration, in contrast, at least tried to prevent the expansion of back-door spending practices.

Esoteric as it may seem, the issue can have an important impact on taxpayers'

pocketbooks. For example: Last session Congress trimmed some \$221 million from the Eisenhower administration's regular appropriations request; at the same time, however, the lawmakers approved a combined increase of nearly \$1 billion above the administration's requests for programs financed by direct withdrawals from the Treasury.

The back-door approach to the Treasury takes various forms. Sometimes it's called authority to spend from public debt receipts. Other times, it may be labeled "contract authority." Or, it may be a revolving fund, or permission to spend foreign currencies owned by the United States. Whatever the name, the result is the same—direct withdrawals from the Treasury without annual appropriations from Congress.

In theory, a new agency or program has to get double approval from Congress. The first comes in the authorizing legislation; this sets up the framework and the limits of the program, and is handled by a regular legislative committee. Then, the administration must run the proposal through the Appropriations Committee for funds. Each year, also in theory, the agency of the program must return to Congress for reexamination and new money.

THE CALMER LOOK

Because authorizations for new programs may be shoved through Congress quickly under crisis conditions, a second and calmer look by a supposedly disinterested committee is essential, backdoor spending foes contend. They also maintain that the legislative committees that handle the authorizing legislation over the years have become special pleaders for particular interest; the Agriculture Committee, the argument runs, is inclined to spend all it can for the farmers; the Banking Committee pushes measures to spread Federal funds throughout the housing industry; and the Veterans' Committee seeks to tap the Treasury for the benefit of the veterans. Authority over money bills was taken from the legislative committees in 1920 and given to the appropriations committees just to avoid this, House economy advocates assert.

Probably the most widely used of the backdoor spending devices is the authority to spend from public debt receipts. Simply, this allows a Federal agency to write an IOU and give it to the Treasury in return for the needed money; the Treasury, in turn, is authorized to borrow the money publicly to replace that lent to the agency.

The technique is used mostly to finance Government lending programs: The Commodity Credit Corporation's price support program, Export-Import Bank lending, Veterans' Administration direct home loans, and others. Back when the RFC was set up, it was argued that Government loans eventually would be repaid so there was no need to complicate the budget process by requiring lending agencies to come to Congress each year for funds. But now that Uncle Sam is firmly in the lending business, it is apparent that some loans will never be paid off. No one, for example, really expects the CCC to recover the money it has sunk into surplus crops.

But perhaps the sharpest setback for the traditional appropriations process came in 1949 in a ruling on the House floor that direct Treasury borrowing was not an appropriation of Treasury money, and thus did not have to be routed through the appropriations committees. Since then, backdoor spending opponents have been trying without success to close the door.

Early this year, a resolution to ban any backdoor spending proposals was voted down by the newly enlarged and liberalized House Rules Committee.

Whatever the outcome of the impending drama, the performance can be expected to be reenacted again and again. For, as far

as backdoor spending is concerned, the Kennedy administration seems committed to the motto: "The show must go on."

I personally will change my own position in opposition to the administration bill if the appropriation process is secured and voted in and insisted upon in the final bill, as I can only support a responsible approach. I now urge a vote against the conference report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, if this House does not believe in this irregular back-door method of extracting money from the Treasury then this conference report presents to you the acid test, because there is no reason in the world why this particular bill should seek that approach except the obvious purpose of getting money out of the Treasury without going through the regular process and in the easy way.

I was shocked when the gentleman from Texas [Mr. PATMAN] said that there would be no depressed areas bill this year if this conference report was voted down. I think every Member here experienced in parliamentary procedure knows just exactly what would happen if this conference report is voted down.

The chairman of the Committee on Banking and Currency would immediately move to appoint new conferees. That would be done. It would go to conference. The information would be conveyed to the other body that this House insisted upon the usual method of appropriation and stood by its record vote here of a few weeks ago in which we did adopt the regular method of appropriation as it has been recommended by the administration.

In this case there is no possible excuse. I have talked on this subject a number of times. Every time such a bill comes up it is stated that this is a project that has already gone into effect and has been running for years—"If you don't do this, it is going to mess things all up and injure the operation of the program." This does not do so. This is a brandnew program. We are starting out on spending some \$300 or \$400 millions, the potentialities and the cost of which no man living can predict. If this bill goes into full force and effect it is going to be a stupendous expenditure.

Yesterday many of us voted for a bill because we thought we were voting for a project, a bill that had not been justified, a bill we did not know what the money was going to be spent for. Here today we have practically the same thing. I heard all the details of this bill up in the Rules Committee when it was under consideration. I asked them if they could point out to me any project in this bill that was not already in operation by some other department of the Government, and I could not get any answer.

Let us not be deceived by this. If you vote down this conference report, all you are doing is saying, "We believe that in this new and stupendous project we are launching here we want the money gotten through the regular processes of appropriation where it can be examined, where we can know what this money is

going to be spent for, instead of this big mess of words we have here."

Nobody knows exactly what is going to be done with it. There is no excuse in this bill for using this method because it is a brand new program and does not interfere with anything that is in existence.

Mr. BROWN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Ohio.

Mr. BROWN. Is not the real and the only issue before us now whether or not we are going to endorse and approve backdoor spending?

Mr. SMITH of Virginia. That is the only issue.

Mr. BROWN. That is the thing against which over 200 Members of this House have signed petitions.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Texas.

Mr. PATMAN. We were told that even if we could have a change in the method of financing, the gentleman from Virginia [Mr. SMITH] and the gentleman from Ohio [Mr. BROWN] would not vote for it, anyway.

Mr. SMITH of Virginia. Of course, I would not vote for it. I think it is the craziest thing you ever started. If you carry it out as you want to carry it through you will break this country. But that is not the question before us. The question before us now is whether you are going to adopt the backdoor procedure on new projects, which this is, and there is no earthly excuse for it. If you establish this precedent you might just as well abolish the Appropriations Committee and spend it all through the back door.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Speaker, I must differ with the distinguished gentleman from Texas. He said in opening the debate that he did not want to scare anybody.

Now, on the other hand, I am here to scare everybody. And may I say to you, my friends, that the Members of the House and the people of the Nation had better be scared.

The Speaker of the House said the other day in a formal address that this country, in his estimation, is in the greatest danger it had ever been in all its history. And, as usual, he is right. We are today in greater danger, and we are today less prepared to meet that danger than ever before. We suddenly find ourselves today in exactly the same situation in which Chamberlain found himself when he had to hurry over to Munich to meet Hitler and found that England's armament was not ready to meet the armament of the Central Powers.

We are not prepared to fight. We are not ready for war. We do not have the weapons.

And most important of all, we do not have the money.

Financially we are less ready for war than ever before in our history. Sol-

vency is the most important equipment for war and we are not only insolvent but Congress has been obligating the Nation at such a rapid rate and on such a ridiculous plan that no one down at the Treasury or anywhere else can tell us how much we are obligated for.

I ask any of these gentlemen who are jamming this bill through the House to give us the total amount the U.S. Government is obligated to pay. Nobody knows. There is no way for anybody to know. We have been shoveling money out through the back door at such a rate there is no way to estimate it.

Does any body here deny that statement? What a way to run a business—any business—from a peanut stand to a national bank. And yet that is the way we are running the greatest government on earth. Could it be that we do not want to know—that we do not want the people to find out?

But Russia will let them know. Russia has been teaching us some bitter lessons these last few months. And the bitterest lesson of all is still ahead of us. Stalin said long ago that they would let us spend ourselves into bankruptcy and then we would fall like a ripe apple into their lap. Under this backdoor spending—which no one can estimate—the apple is getting riper every day. If you will look at this spending you will find some of it is getting rotten. There is some of it they do not dare to come up here and attempt to justify before the Committee on Appropriations. So they are sneaking it out the back door. They do not have to justify it there. There is nobody to check it out and nobody to check what becomes of it.

And mind you it is not defense money they are spending. It is nondefense money that is throwing us into the red. We have proved that time and again in the CONGRESSIONAL RECORD. It is non-defense expenditures. It is money like this bill—taxpayers money for a few favored spots in the country—that is running up our national debt—and running down our ability to defend ourselves.

But let us get back to the war. I know these gentlemen do not like to talk about the war. But it is high time somebody thought about the war. Russia is closing in. She has taken over world sentiment. She has destroyed the Monroe Doctrine, an integral part of world law for a century, and she is thumbing her nose at us on our own doorstep.

When we finally have to go to war where will we get the money? We owe more than we will ever pay. The only thing left is to start the printing presses. And how long will that last?

Already we know we will have to fight by ourselves. The only friend we have left on earth will be our pocketbook. And we will be friendless, indeed.

Mr. Speaker, the people are getting tired paying war taxes in time of peace and then seeing their money thrown away on foolishness like this. We are levying today even the nuisance taxes we levied in time of war. And with these war taxes we have taken in the largest revenues these last years ever collected by any nation.

But the more we take in the more we spend. Interest alone on our indebtedness is greater than the entire budget a few years ago. And what have we got for it. Even if Russia was not waiting to take us over, this thing cannot go on forever. It will explode like an inflated balloon.

Mr. Speaker, let us talk a little commonsense here. Let us act like businessmen and quit spending money we do not have for things we can get along without. Let us close the back door. Let us lower taxes and give the people a chance to catch their breath.

Let us vote down this conference report with this silly back-door shenanigan put in by the Senate.

It is financial duplicity. It is fiscal insanity.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Speaker, the vote of the House today on the question of accepting or rejecting the conference report on the distressed area bill involves only one issue. That issue has to do with the method of financing the program.

As the Members of this House know, the President of the United States asked for a program to be financed by the normal appropriation process. That is the way this House passed the bill.

The other body saw fit to provide for financing the program by use of the so-called back door method; in other words, funds would be obtained from the Secretary of the Treasury in exchange for evidences of indebtedness, thereby circumventing normal appropriations and budgetary control procedures.

As I say, the issue is clear. We can, as the House has often done in the past, allow the other body to force upon the House a system of financing which, to put it mildly, bypasses the traditional major instrument of congressional control of the purse strings of Government, or we can reject the action of the other body and retain an important safeguard of economy.

Mr. Speaker, a review of major legislative bills during past years shows that the traditional prerogative of the House to initiate appropriations has been ignored by the other body. Secondly, the House has vacillated when it came to insisting on the provision for annual scrutiny and review of committees having jurisdiction over appropriations. As a result, the Congress has abrogated much of its independence of judgment and responsibility to the executive branch. We have been headed toward one-man rule.

In urging Members to reject this conference report on the sole issue of its continuing the public debt transaction financing, I call attention to the position of Congress' own chief financial officer on authorizing borrowing from the Treasury. Joseph Campbell, Comptroller General of the United States, in 1958 wrote a letter to the chairman of the Senate Committee on Banking and Currency, at the committee's request, and stated as follows:

We believe that the financing of loan programs through public debt transactions, by combining program authority with funding tends to perpetuate programs that might not otherwise stand the test of continuing congressional scrutiny.

The General Accounting Office for many years has said that funds to finance Government activities should be made available to the corporations and agencies responsible for administering the programs through the normal appropriation processes, rather than through authorizations to finance through public debt transactions.

Mr. Speaker, recently I addressed a letter to the President of the United States with regard to this matter of back-door spending and in response received a letter from David Bell, Director of the Bureau of the Budget. Mr. Bell stated that the Bureau of the Budget believes Congress as well as the executive branch should exercise close authority over the provision and expenditure of Government funds. He stated it favored a periodic review of emergency spending programs, such as is achieved through our normal appropriation process. He stated it supports the Congress' desire to develop and improve financing arrangements and only made the reservation that any change in financing arrangements should be within the framework which would not disrupt existing basic programs.

Of course, this is not an existing program and insisting on the appropriation process would in no manner disrupt it. I urge Members to vote down the conference report and thereby take a position for greater responsibility and control by Congress over expenditures. We must have overall responsibility so that the need and urgency can be weighed against revenue and economic conditions. Too, we must have annual review of programs in order to see that programs can meet the test of continued congressional scrutiny.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Speaker, the question before the House is a very simple one. Are we for or against those suffering from unemployment? If we are for them we must back it up by being willing to take some action to relieve their plight and cure the basic causes of chronic unemployment. It is heartless to say: "Of course I would like to help the unemployed but I am not willing to do anything about it."

Mr. Speaker, with one exception, all the Members who have spoken in opposition to this conference report, voted against it on the rollcall the other day and therefore voted to kill the bill.

Many times over the years past I have taken the well of the House to voice the opposite viewpoint of some of my esteemed friends with reference to Treasury spending. I would like to call the attention of a great many of the Members on the other side of the aisle that during the last 8 years they have voted literally billions of dollars for back-door financing through the Ex-

port-Import Bank and various international organizations for people all over the world.

The amount of direct Treasury financing in S. 1 is relatively small when compared with some of the earlier requests on this basis. Just 2 years ago the Republican Administration requested and obtained \$4.5 billion for the International Bank and the International Monetary Fund. That was \$4.5 billion authorized by the backdoor route of the Treasury, if you will, and it was requested and supported by some of those who are now most vocal in their opposition to using this method of financing to meet a pressing domestic problem. Apparently this method is alright to assist foreign countries but cannot be used to help our own people.

Then I pose the question, If you can give it to somebody in Timbuktu, with Treasury financing, why can you not give it to somebody who has been out of a job somewhere here in America?

You would assume from some of the speeches heard here today that somebody actually goes up to the backdoor of the Treasury and slips the money out of the Treasury and runs off with it. I make the suggestion that other committees of the Congress are just as sane and just as sensible as the Committee on Appropriations, and I have a high regard for every one of the members of that committee.

In this instance the Treasury financing is going to be used for loans repayable to the Treasury of the United States. The money that is not repayable to the Treasury of the United States under this conference report, in the amount of \$75 million for public facility grants, is in the hands of the Appropriations Committee.

Some of my good friends forget that we financed the Commodity Credit Corporation through back-door spending. They forget that we financed TVA through back-door spending. I think some of us fail to remember that the Export-Import Bank that we hope is going to do a good job to help bring about the settlement of a lot of our problems with the rest of the world was financed through so-called back-door spending. I would like for the people of the cities to remember that we financed the greater portion of urban renewal by back-door spending; I would like for the people of the small towns to remember that we have and will continue to finance community facilities such as the construction of sewer systems and other projects throughout this country in this way.

The point I make is this: The issue before the Congress today is the same as it was when we passed the bill before—whether or not we want to do anything to aid the distressed areas of America. We have passed two bills in previous Congresses and they have been vetoed. This Congress passed the bill by an overwhelming vote. But today a scarecrow is being brought in as if this is something new, dangerous, and will bankrupt America. This is a common method that we have used before, since

long before I came to the Congress, in the financing of programs of this kind. It is done by responsible legislative committees of Congress.

The need for this assistance is immediate and pressing. In fact, this bill should have become law long before now. No good purpose would be served by holding up the program while it went back over the appropriations hurdle.

Mr. Speaker, I fail to see the point of the cry of alarm which are voiced against the direct Treasury method of financing. This in no way relaxes congressional control of the purse strings. And let me say, I defend this control as staunchly as anyone here, but I do not think the question is relevant. Every single Member of the House had full opportunity to offer amendments on the provisions of the bill when it was considered before and every Member had the opportunity to vote on it.

The Congress set the dollar limitations on the program in this bill after careful study and extensive hearings of the Banking and Currency Committee and in consultation with administration officials. These are the amounts recommended by the administration and it is generally agreed by those who support the program that this is the amount necessary to get the program underway.

Certainly the \$394 million is a minimum amount. In view of the size and vital importance of the problem we could not conscientiously do with less. There is no possibility that the Department of Commerce can take this money and go off on a long-term major program without having to come back to the Congress at some point for additional funds. In fact, the conference report carries a 4-year cutoff date on the program. This is a provision from the Senate bill and means that the program will die in 4 years unless the Congress, after reviewing it, finds that the money is being well spent and the program is doing the job.

Mr. Speaker, I regret that I felt it necessary to talk so long on this feature of the bill. As I said earlier, I feel that debate on this point is no longer relevant. The Senate has now approved the conference report with this feature in it, and the only choice we have today is to vote the bill up or down. I am confident that the House will approve this measure today. The reasons for doing so are extremely pressing. They involve the plight of millions of people, the unemployed, and the families in areas of chronic economic distress. I simply cannot imagine any of my colleagues voting against this bill and then going home to his constituents and telling them he really wanted to do something for them but he got involved in a side issue on how to finance the program.

Therefore I say to you, Mr. Speaker, this is not a fight on back-door spending. This is a fight on the administration's distressed area bill. This is the position of the administration, which I take, and which this conference report takes. Any vote to the contrary is a vote in opposition to the wishes of the administration.

I hope this conference report will be adopted, as it should be.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. Ford].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Speaker, we have on this occasion a unique opportunity to come to grips with this problem and the basic issue of back-door spending. Over the years there has developed this technique of making money available for programs after the authorization legislation has been approved; the money to be made available without further control or consideration by the Congress.

Mr. Speaker, these programs have grown up and have been continued, and never in the past have we ever been able to change the course that was started in the first instance. But today we have a new program which the proponents seek to embark on by financing by a back-door spending program. If we want to change the method of financing, this is the time to do it.

So, our opportunity today is unique. It is a single issue which will be decided by this vote this afternoon. At the same time, we have a last chance to meet this issue head on because if this conference report is approved, never again will we have a chance to change the method of financing. If we approve this conference report, no committee of the House of Representatives will ever, on an annual basis, truly analyze or scrutinize the expenditure programs under this basic legislation; never again.

I do not contend, I will say to my good friend from Alabama, that the members of the House Committee on Appropriations are any saner or any more responsible than the members of any other committee of the House of Representatives. I do say, however, that the procedures of the House Committee on Appropriations require that we have annual analyses and scrutiny of the many requests for the future, and at the same time we conduct a yearly review of the expenditures of the past. If you want that kind of sound and sensible approach to the fiscal operations of this \$300 million program, I respectfully suggest that we vote down the conference report. Then we can approve the kind of financing provisions which were included in the bill at the time this body acted affirmatively.

I say as emphatically as I can that we must meet this issue head on. It is a unique opportunity for us. And, secondly, if we do not win on this issue today, forever, as far as this program is concerned, we have capitulated to the exclusive control and jurisdiction of financing by the executive branch of the Government.

I think we have seen in my time, and certainly before, the erosion of congressional control over expenditures by the utilization of the back-door method of financing, and if we do not erect the barriers, if we do not put a road block on this kind of process and procedure right here today, the responsibility of the Congress over the expenditures, the withdrawals from the Treasury, will be less and less. Consequently I urge that

on this issue and this issue alone, today, we disapprove this conference report.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. Saylor].

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Speaker, I urge that this conference report be accepted. The House conferees were successful in almost every phase of the conference except the manner of financing. Let us look at this phase of the report. If you will examine this conference report you will find that this establishes a program that is to begin on the 30th day of June 1961, and terminate June 30, 1965, a definite term that was not included in the House version of the bill. After that date the program is to be liquidated by the Secretary of the Treasury. The amount of money to be expended in that period of time is definitely established in the bill. The agency will be required to report to Congress annually and such reports shall give full and complete information concerning the operation of the program; and if any member of the Committee on Appropriations or any Member of Congress does not like what is in the report, he can bring the matter to the floor of the House or have a congressional committee investigate the entire program. This is the Congress of the United States which is superior to any committee of either the House or Senate telling the executive branch of the Government that they are to go to the Treasury and get their money and the manner in which they will do it, and it is not only limited in the period of time but in the amount of money it can spend.

Mr. Speaker, if this conference report is voted down what you are saying is that this agency will have to come back after this program is approved, to the Appropriations Committee of the House, and then the Finance Committee of the Senate four times during the next 4 years. Then, if the Committee on Appropriations and the Finance Committee like the program they will get their money. Otherwise they will not. If you believe in a program that will help the distressed areas of this country, if you believe we have a duty to help the citizens of our country who live in these depressed areas, I urge you to vote for this conference report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. Taber].

Mr. TABER. Mr. Speaker, I think perhaps I ought to bring into this situation an experience that I had myself in my own district with reference to back-door spending. We had two large groups of houses built in one place and two very large apartment houses in another. They went sour and the Government had to take them on their back-door guarantee. The Government lost several millions of dollars. That is the kind of thing you get into when you have that kind of approach.

We cannot afford in this country to give up to the Executive the power of the purse that is in the Congress. If we do that and do not know what we are do-

ing when we make our appropriations, we are going to be in trouble. We are in trouble now because we have such an enormous debt. We are in trouble because we have been too careless in the way we have operated and provided for the protection of our interests.

The only way we can do it is to stop providing a back-door entrance to the Treasury. Every time we do that we get in deeper and deeper. Last year alone there were back-door appropriations of \$5.7 billion; and actually I think there was a great deal more.

We have had enormous losses on these backdoor operations. The Commodity Credit Corporation is an example. That has been the way they were financed. Whether they would have been any better if it had been done any other way I do not know. But I should like to see us try to do the job in such a way that we could protect the Treasury.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to make this brief comment. I have listened to this debate. It is very clear to me that those who insist on the Appropriations Committee process are right in this argument, and I am going to vote against this conference report.

I also want to make it very clear in the light of some of the things that were said here that if this conference report is voted down the chairman of the committee can immediately move for appointment of new conferees and a bill can be forthcoming from the new conferees after conference with the other body that will provide for this program. I defy anyone to challenge the correctness of my statement in that regard.

Mr. TABER. The gentleman has stated the situation exactly correctly.

Mr. HALLECK. As a matter of fact, all we are doing in asking Members to vote against this conference report is, first of all, to maintain the position that was taken by the House Committee on Banking and Currency and by the House itself, which provided for the Appropriations Committee process, and also we will be standing by the original recommendation of the administration.

Mr. TABER. That is the only way the Congress is going to be able to keep the country's finances right side up.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Virginia.

Mr. GARY. May I ask the gentleman this question: Is it not true that the regular appropriations processes and the Appropriations Committee are trusted with our defense appropriations, upon which the national defense of this country rests?

Mr. TABER. That is exactly correct, and that runs into right around \$40 billion a year.

Mr. GARY. If that is true, is there any reason why they cannot be trusted in a case of this kind?

Mr. TABER. There is not.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, after this period of debate it is becoming clear that we are down to one basic issue, that is, of removing the smoke-screen some people are trying to put over this debate. I am opposed to depressed areas legislation. I do not approve of the bill. However, all that we are trying to do is make the best of a bad situation. There is no attempt in connection with this conference report today to defeat the legislation. The legislation will be passed. The back-door financing is the only issue.

I have been a Member of Congress long enough to appreciate the complaint that some of the veteran Members have of the irresponsible attitude the bureaucrats and the agencies have toward the Congress. I have heard complaints of congressional committees having difficulty in getting information from certain agencies, the reason being that we no longer have control of the purse strings.

I would like to make it perfectly clear that should we defeat the conference report there will be a depressed areas bill. This is obvious. All we are trying to do is support the position of the chairman of the Appropriations Committee and support the position and the philosophy of good, veteran Members of Congress, in retaining through congressional appropriations procedures the necessary congressional balancing of the executive department powers.

I would also like to point out to the gentlemen on my right that certainly the support of the Appropriations Committee is in accordance with good, sound Jeffersonian Democratic philosophy. I should think that Thomas Jefferson, the founder of the Democratic Party, would be proud this afternoon if the men who bear his party's label will support the appropriation process, reject backdoor financing, and support responsible action in connection with spending the funds requested in this bill. The charges made by the gentleman from Alabama are inaccurate distortions and do not contribute to proper understanding of the issue before us, basically traditional congressional control of the Nation's purse strings.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. McDONOUGH].

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Speaker, I think the point has been made very clear that this is definitely, first of all, an experiment. We have never passed this kind of legislation heretofore. As an experiment, we are not certain how it is going to be administered. For that reason, it should not be given the blank check privilege of back-door spending. As a member of the conference, we sat for 3 days and on every occasion the conferees on the other side of the aisle adamantly maintained their position, that the House had voted an appropriation bill and that they were going to stand on the appropriation policy. To-

ward the end of the last day, the policy was suddenly changed and the Democrat conferees capitulated, as I was informed, at the request from the administration. The administration bill that passed the House was for appropriations. So the administration was originally for appropriations—then at the last minute, in order to convince the Democrat conferees that they were on the wrong side, according to the administration's change of policy, they asked them to change. The gentleman from Alabama, my colleague on the conference committee [Mr. RAINS], was present and voted for the passing of this bill. Now he argues against this kind of policy. We are at present in hearings on the new housing bill. We are going to be called upon to vote for \$7 billion of back-door spending, if that bill comes to the floor in its present condition. The gentleman from Alabama who is the ranking member of the subcommittee on housing has advocated funds for housing for the elderly for a number of years, and we have supported him. But, it has always been on appropriations and not by the back-door spending. I want to make one or two points clear. First of all, the defeat of the conference report does not defeat the bill. If the administration wants a depressed area bill, they certainly ought to be able to take it on the appropriation basis and regardless of the arguments you have heard from others that this is going to kill the bill, it is not true. We can proceed and call for a new conference and we could go into conference and we could maintain our position. The House went to conference with instructions to maintain the appropriation policy, and your conferees maintained it except for the last few hours on the third day, and you will notice that the conference report does not contain the name of a single member of the Republican conferees. I recommend a "no" vote on the conference report.

The SPEAKER. The time of the gentleman has expired.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I assume that my colleagues have taken legislative notice of the fact that practically all Members who have spoken against the conference report—if not all of them—are Members who voted against the bill. They are opposed to this legislation. This is an effort made in the hope that there will be nothing passed at all. Furthermore, when it gets into the hands of the committee that is seeking it, of course, it will be a much different bill in its effect than what is necessary in the best interests of our country. This is a bill providing for \$300 million of loans. That is where the public debt transaction policy applies. It does not apply to the appropriations for grants or for administrative expenses of \$94 million.

Furthermore, under the rules of the House, the standing committee is supposed to supervise the administration of bills. All standing committees out of which a bill is reported are supposed to do that, and the Committee on Ap-

propriations on the yearly appropriations on the grants and administrative expenses have complete opportunity to scrutinize the program. Furthermore, this is a 4-year program. There is a time limit on the program.

This bill is aimed to help America, to help communities in America to help themselves in lifting the economic blight that exists in various communities in our country.

If we do not have the public debt transaction provision, the ability to get maximum results will not be accomplished. Members of the Appropriations Committee talk about this. Why, they have included it in appropriation bills themselves. Whenever they included a contract obligation they have included a public debt transaction in its broadest aspects. They had to do it; and I approved of it because in connection with defense, for example, the making of contracts for several years is necessary, and the agency had to have the contract authority to do so.

Why the argument against something to help the chronic unemployed of America? And remember that for every dollar loaned, local communities and local business interests will have to contribute a given amount, running into the millions.

Why the opposition to a bill of this kind?

The same principle was involved in the rural electrification program. I voted for the REA program. The Government has made money out of that program. We did not hear any argument against the use of this policy in the Federal Highway Act. We did not hear it when only a few weeks ago the veterans housing bill came up. Right after this conference report is disposed of the extension of Public Law 480 comes up, and the public debt transaction is a fundamental part of that law. So immediately after this conference report is disposed of we are going to have another bill which provides for a public debt transaction. I wonder how many of those who represent agricultural districts who oppose this conference report will take the floor and make any comment about the public debt transaction in relation to Public Law 480? And there are so many other bills. There is the small business loan bill involving a public debt transaction. There are commodity credit loans; there is slum clearance; there is the home loan guarantee, the Veterans' Administration; there is the FHA. Yes, that benefits the contractors. I am for it because we need homes. But in that bill is included a public debt transaction. All of these bills that have been enacted into law have included a public debt transaction because it was necessary to do so in order to make them operate effectively and efficiently. Now, we come to one bill involving \$300 million loans to help the communities of America to rebuild themselves economically to improve employment opportunities and they are vigorously fighting this conference report. I hope it will be adopted.

Mr. BYRNE of Pennsylvania. Mr. Speaker, the legislation providing \$394

million for aid to depressed areas in the country is long overdue. If the previous administration had supported such a bill, the depression resulting from its policies—and which we inherited from them—might not have been so severe; and we might have had some measure of recovery generated through the stimulus it would have given our economy.

My State of Pennsylvania has been affected most severely. We have thousands of unemployed in various sections of our State, and the detrimental effects have spread to Philadelphia, and throughout the entire State.

We are spending billions of dollars to help the economy of other nations throughout the world. Is it too much to ask that we at least use a small proportion of our resources to alleviate conditions just as bad amongst our own citizens? Five and a half million Americans are out of work. In some sections of the country, the major portion of the employable workers are in the ranks of the unemployed. In these communities it is not a spotty condition. It is definitely disastrous, with not much relief in sight if we do not enact this legislation. It will get worse, not better, within a very short time; and the repercussions will be felt in adjacent communities, which already have their share of unemployment due to the depression.

I know we again hear the familiar cry of socialism coming from those who have opposed every piece of social legislation which has been enacted in the last 25 or 30 years. They have no convincing argument against the merits of this legislation, so the same group indulges in the same cry; they use the same tactics of obstruction; they trot out the old bugaboos that they used to fight social security, unemployment benefits, wage and hour laws, and every other worthwhile law that has meant so much to the well-being of the average American family.

I strongly urge quick passage of this legislation as sponsored by President Kennedy and the Democratic administration.

Mr. STRATTON. Mr. Speaker, I intend to vote for the conference report because I have long been an advocate of distressed areas legislation and have in fact cosponsored the distressed areas bill.

I am, however, greatly disturbed that the Stratton amendment which I offered to the legislation in the House and which was included as section 27 of the bill as it passed the House was deleted by the conference committee. This amendment simply provided that some action be taken within the Government to coordinate its operations so that the protection which this bill would give to unemployment areas would not be completely nullified and undone by the action of the Defense Department in closing down defense installations across the country. Specifically, my amendment provided that when such an installation was to be closed down in an area suffering from 6 percent or more unemployment the Secretary of Commerce would make a study of the economic effects of this closing and would report on it to

Congress and to the Secretary of Defense. My amendment laid no requirement upon the Department of Defense and did not in fact, even prevent the Department in the slightest from closing down any installation it so desired. It simply made it possible for Congress and the public to take a second, long look at the economic consequences of the Defense Department's action. In view of the sweeping economic changes that are likely to occur in the next few months across the United States as one military base after another is closed down, surely the provisions of my amendment would seem to represent the very minimum which we as a Congress should do to deal with this serious situation.

I am particularly disturbed because the Stratton amendment was deleted from the conference report, so I have been advised, at the express request of the Secretary of Defense. The Secretary apparently wants no outside interference at all with his action, in closing down military bases across the country in the next few months. In fact, Mr. McNamara's views on this subject were expressed rather forcefully just the other day in an address to the annual luncheon meeting of the Associated Press at the Waldorf Astoria Hotel in New York City, in which he said:

We cannot afford to modify these decisions to accommodate local or private interests no matter how legitimate.

Again he went on to say:

The basis of the previous policy has been the fear that decisions taken upon sound military grounds may be upset by the pressures of local and private interests. I expect to make it clear that our decisions, once taken, will not be subject to reversal except for changes in the facts on which they were based originally.

Very frankly, Mr. Speaker, I cannot go along with Secretary McNamara in this expression of an almost moral fervor in resistance to any attempt, "no matter how legitimate," to point out to the Department of Defense and to the public the impact in terms of human jobs and lives that some of these base closings will most assuredly entail. Certainly no one wants to make the Defense Department into a WPA. Certainly no one wants to continue jobs or military operations which are clearly unnecessary or obsolete. But by the same token I do not think we can take any particular pride in saying that we will just shut our eyes to the economic impact of these closings or that the Department of Defense is somehow above and beyond the requirement to be as much concerned with unemployment areas as is every other agency of our Federal Government.

To imply, for example, that an attempt to protect the jobs of one's fellow citizens and to keep their families together at a time of economic recession is somehow a kind of "pork barrel" operation or typifies some type of nefarious "logrolling" is, I think, to perform a grave disservice to our American people and ultimately to the defense program itself.

Mr. Speaker, the fact that the Secretary of Defense insisted that the Strat-

ton amendment be taken out of this legislation is at least evidence that he is aware that some of us in this body are deeply concerned with this problem and do not intend to remain silent on it. Indeed in his address to the Associated Press he went on to say:

We have an obligation to take steps to mitigate the consequences of these closings for the people affected.

He also said:

I anticipate that we and the communities affected by these decisions will join together to take the time between the action and the closing to develop plans to reduce the impact of the change.

All of this is certainly to the good, and I commend the Secretary for it. In fact, in addition to this statement, I received today in the mail a letter from the Secretary which describes in even greater detail the steps which he intends to take to meet to some extent the economic impact which these base closings will have, and at this point I include the Secretary's letter in the RECORD:

THE SECRETARY OF DEFENSE,
Washington, D.C., April 25, 1961.

HON. SAMUEL S. STRATTON,
House of Representatives.

DEAR CONGRESSMAN STRATTON: I know that you have been very concerned as to the economic implications involved in the inactivation and disposal of unneeded bases and installations. We, too, are very anxious that all possible care be taken to minimize unemployment problems that could result from such actions, and to lessen the impact on the communities concerned to the greatest extent we can.

The President also recognized, in his special message on the Defense budget, that problems could be created, and stated: "We cannot permit these actions to be deferred; but the Government will make every practicable effort to alleviate these hardships, and I have directed the Secretary of Defense to take every possible step to ease the difficulties for those displaced."

Consistent with the President's instructions, we have established a broad program within the Defense Department to attack the employment and community problems in a number of ways. First, we will review very carefully all installations and bases, and will reach decisions as to those to be reduced in scope, or closed, only after studying all of the facts.

In cases where our actions could cause economic dislocations, the Commerce Department, the Labor Department, and others, can be of assistance during the decision-making process. Once our decisions have been reached they will be made public as quickly as possible. In this way we will have the maximum time possible to solve employee and community problems during the phaseout period. We will, where possible, keep actual phaseout plans flexible so that adjustments can be made to meet special problems.

During the phase-down period, we intend to take all possible steps to find jobs for employees affected, whether such jobs be with the Defense Department, with other Government agencies, or with private industry. To do this we will, where necessary, modify existing personnel regulations; we will establish special personnel officers; we will draw upon the Civil Service Commission and the Labor Department; and we will work closely with community groups. Here again, we will assure the maximum feasible time between the decision and the actual closing since normal attrition will help solve unemployment problems.

Dealing with employee problems is, however, not the whole answer. We must also attempt to make unneeded facilities available on a schedule, and in a condition, to provide the best chance for their being put to worthwhile use. Here we are working, and will continue to work closely, with the General Services Administration, the Commerce and Labor Departments, the Small Business Administration, and others. In connection with our recently announced actions, for example, we are now making visits to affected communities, together with representatives of the Departments and Agencies referred to above. We will meet with community groups during these visits, and attempt to find mutually satisfactory answers to the problems they are facing.

As you can see, we are attempting to deal with all facets of this matter. For this purpose, we have created a specific organization within the Defense Department which we will modify or add to as appears necessary. We are well aware that we can never completely eliminate the local problems incident to our decisions to close installations. We are confident, however, that we can go a long way toward softening them, and at the same time comply with the President's wish that we eliminate activities and installations which are of no further use in the national defense, in the light of the new challenges and requirements facing the Nation.

Sincerely yours,

ROBERT S. McNAMARA.

This is fine, Mr. Speaker, and I particularly congratulate Secretary McNamara for the steps he has taken in creating a separate agency within the Department of Defense to deal with this problem. This is much more consideration than we were ever to get from the Defense Department before, and I dare say it is in part a direct result of the action of this House in adopting my amendment to the distressed areas bill.

But I do not believe that this is a responsibility which we in Congress can or should leave entirely and exclusively to voluntary action by the Secretary of Defense. We have a responsibility of our own here too, and I think it must be discharged in some kind of appropriate legislation. Let nobody think that the closing down of military bases has come to an end by any means. Only the other day, on Friday, April 21, Deputy Secretary of Defense Roswell L. Gilpatric, in an address reported in the Washington Post for that date said that there will be new closings of defense bases "on a scale never done before" in American history. And the published report in the Washington Post indicated that these announcements "of the new list of larger airbases, Army posts, and Navy yards will be withheld until Congress goes home."

Mr. Speaker, at this point I include the article from the Washington Post referring to Secretary Gilpatric's remarks:

MANY MORE BASES WILL BE SHUT DOWN,
PENTAGON DECLARES

(By John G. Norris staff reporter)

The Kennedy administration intends to shut down many, many more outmoded military bases and plow back the savings of "hundreds of millions" of maintenance dollars to bolster defense, a high Pentagon official said yesterday.

Deputy Secretary of Defense Roswell L. Gilpatric served notice of the new closings—"on a scale never done before"—in an address to the American Society of Newspaper

Editors. He asked editorial support of such an unpopular move.

"We're not kidding ourselves it will be easy," Gilpatric said. "We'll need public support, determination and a program to minimize the impact on local communities affected."

SPECIFICS WITHHELD

Plans to close 73 defense bases—most of them small facilities—already has been announced. Announcement of the new list of larger "air bases, Army posts and navy yards" will be withheld until Congress goes home, a Pentagon official said.

Gilpatric said the Nation must have a greater capacity for handling "sub-limited war" such as in Laos and Cuba—as well as stronger, hardened major-war forces—because several such small conflicts may have to be faced at the same time.

Mr. Speaker, in fact, just this morning in the New York Times there is a report that two-thirds of the Nation's 150 major industrial centers still show substantial unemployment in spite of reports of pick-up in business activity. I feel very strongly that in the light of these figures we in Congress must write some kind of legislation to see that the executive branch does everything possible to ease the impact of defense base closings and not leave it solely and simply to the discretion of the Defense Department alone, particularly when the press reports that closings are going to take place at a rate never before seen in the history of our country, and are going to be announced just as soon as the elected representatives of Congress get out of town.

Mr. Speaker, while I intend, as I say, to vote for the conference report, I want therefore to serve notice at this point that I intend to continue my fight for legislation to protect unemployment areas from the added hardship which defense closings are bound to create.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BECKER. Mr. Speaker, this conference report makes it impossible to support and vote for this legislation, if for no other reason than the "back-door spending" injected by the other body. If the Congress intends to spend money in any area of our country, then it should approach the matter by making direct appropriations from the Treasury and not seek to increase the national debt by authorizing the issuance of treasury bonds that merely increases the debt and also the annual deficit, which leads to further inflation. This in no wise aids the lower income families or the unemployed. It causes them to pay more for the very necessities of life upon which they are dependent. If the Democratic controlled Congress wishes to face up to their responsibility, then they should appropriate and tax accordingly. If they desire to spend, then they must seek the revenue. This is the only honest way to head off inflation and in-

creased national debt. As an aspect to this depressed areas problem, I am inserting herewith a resolution passed by the Conference of Appalachian Governors, at Lexington, Ky., October 18, 1960. I am also inserting a letter I sent to the Governor of Kentucky in reply. It is indicative of the times, that I did not receive any reply to the questions I asked in my letter. I wonder why? I cannot in good conscience vote for this conference report. This is no way to proceed to try to solve a vexing problem.

Good legislation, technically, is that which accurately sizes up a problem and poses sensible steps for its solution.

When legislation does not meet these standards, it is bad legislation, no matter what its original intent may have been.

The administration has stressed the importance of solving the problem of depressed areas in our economy. Undoubtedly this is an important measure, but there are those of us who believe that the administration's solution to the problem of the depressed area is, at best, ineffective.

A depressed area, by current definition, is a geographic section, within the bounds of which exist wholesale unemployment and unbalanced economic conditions. The definition in itself assumes that there are accurate and measurable stages of economic development, and that there are sensible methods by which economic stimuli may be applied to a given area with the specific intention of ending unemployment.

But when these stimuli create artificial, unnatural, conditions, we have only substituted one problem for another. And the new problem would, in this case, be infinitely more serious.

Unemployment is not a nationwide problem. It is spotted in certain areas such as the coal mining States—Pennsylvania, West Virginia, Kentucky, Indiana, and so forth—and the automobile manufacturing State—Michigan.

If our country is producing consumer goods at increasing rates and increasing inventories, it is logical to assume that giving Federal money to put up plants in presently depressed areas must create unemployment in competitive areas which are not now classified as "depressed."

In the long run, the only effective answer to the problem will come from the cities and towns themselves, as they learn to adapt their natural resources and manpower potential to the needs of new industry. The only lasting way to solve the problem is through coordination of effort, with the Government working with business. Only business and industry can create jobs. The Government cannot.

The depressed areas bill—at this writing, in debate by a conference committee of the House and Senate—has two unsatisfactory aspects. The first is in its structure; the second, in its financing.

Briefly, the bill would establish a \$200 million loan fund to help communities expand present industries and attract new ones. Technically, any community—depressed or otherwise—would be eligible to apply for these Federal loan

funds. The bill will also provide money for roads, utilities, and other public facilities deemed necessary to attract new industry. Could this not lead to Federal hospital grants, school grants, library grants, et cetera?

Provision is also made for a fund to maintain unemployed workers while they are undergoing training to develop new skills, and to provide such vocational rehabilitation.

There are not only the dangers pointed out above, but there is needless duplication of existing Federal agency programs, such as the HHFA and the vocational rehabilitation program of the Department of Health, Education, and Welfare.

The loan provisions of the bill are so constructed that a depressed area would often find it easier to go on the open market for development funds, since they could borrow at significantly lower interest rates than could be obtained from the Federal Government. By going to the open market, they would, of course, stimulate the entire economy.

To quote the minority view of the House Banking and Currency Committee:

This is not a bill to solve the general unemployment problem. This is not a bill to meet the problems arising from structural unemployment. This is not even a good depressed areas bill. Only 1 out of 17 unemployed workers in industrial depressed areas and only 1 out of 37 underemployed workers in rural areas could get jobs out of this bill.

However, the substantive objections to this bill are far outweighed by a more immediate concern—its proposed method of financing. The Douglas bill (S. 1) would call for back-door spending. The House bill would require that this gigantic \$400 million program go through the regular—and authorized—channels of the Appropriations Committees.

"Back-door spending" is a term used to denote that practice of bypassing congressional scrutiny of the use of public funds. Under this practice, Congress authorizes an existing Federal agency to borrow a specific amount of money from the Treasury. To finance this, the Treasury must resort to selling Government bonds on the open market.

Such an appropriation is not reflected in the budget or authorized by the Appropriations Committees, but it does become a part of the public debt. By so doing, it casts an inaccurate light on our country's fiscal picture.

The House of Representatives is constitutionally charged with the responsibility of balancing unlimited fiscal demands with limited revenues. No matter what the need for a depressed areas program may be, the fact remains that the very economy we seek to stimulate by aid to depressed areas will be seriously damaged if the Government itself becomes so enmeshed in deficit spending that our entire economic picture goes out of focus.

I believe that a program to aid economically depressed areas must be considered. But before I will concede that it is good legislation, I must be satisfied that it meets the criteria I men-

tioned. It must recognize the problem as it is and pose sensible and effective steps for its solution.

CONFERENCE OF APPALACHIAN GOVERNORS, LEXINGTON, KY., OCTOBER 18, 1960

A RESOLUTION SUBSCRIBING TO AND SUPPORTING A DECLARATION FOR ACTION REGARDING THE APPALACHIAN REGION

Be it resolved by the Governors of States with areas lying in the Appalachian region, in conference assembled at Lexington, Ky., That they do subscribe to and support the following Declaration for Action Regarding the Appalachian Region.

In many heavily populated areas of the Appalachian region, a chronic condition of underdevelopment and severe unemployment exists. As a result, many people are denied reasonable economic and cultural opportunities through no fault of their own. In addition, the productive force in both physical and human resources is severely limited in its contribution to the Nation, while the costs of essential welfare services are steadily increasing.

We, the Governors of the Appalachian States, deplore the deprivation and lack of opportunity for these people. This situation can be alleviated through purposeful and dynamic use of resources and technology available to us today.

By underdevelopment we mean that basic handicaps to development of adequate facilities involving transportation and water resources have in turn hindered the local ability to support necessary public services and private enterprise activity. Because of such basic deficiencies, the success of local development activity in all areas of life is severely handicapped.

This region has great resources. Its people are productive and self-reliant. Technological advances have displaced the employment opportunity of many workers.

Therefore, we believe that a special regional program of development is required and justified in terms of both the necessity to treat the human need and the opportunity to realize the region's potential to contribute to its own and the State and National economies.

Such a program, to be effective, must involve local, State, and Federal governments, and both private and public forces, and must provide for:

A. The creation of major economic facilities such as key roads and water control facilities, required to provide the people of the region with essential services and to enable them to make their own contribution to national progress.

B. Establishment of a comprehensive State and regional development program for positive and constructive action in appropriate fields of activity including forestry, agriculture, mineral resources, and tourist travel; industrial and community development; education, health, and welfare.

To this end, we propose to form and continue a voluntary association of our States to advance this program of regional development.

We pledge our assistance and encouragement to citizens working to carry out programs of development in the local communities and areas of this region. We look especially to the application of personal initiative, imagination, and work as the essential element in the solution of the region's problems.

We urge that the candidates for the Office of President and the Congress recognize the pressing needs of the Appalachian region. Appropriate Federal participation is necessary.

We insist that high priority be given to the increasingly crucial needs of the people of this region and pledge our own maximum and joint efforts to this end.

NOVEMBER 8, 1960.

Hon. BERT THOMAS COMBS,
Governor, State of Kentucky,
Frankfort, Ky.

DEAR GOVERNOR: This is to acknowledge receipt of your letter, together with the copy of resolutions passed by the Governors of the States in the Appalachian region. It is a very laudible resolution, but the last paragraph intrigues me, wherein it states: "We insist that high priority be given to the increasingly crucial needs of the people of this region and pledge our own maximum and joint efforts to this end."

I am wondering just what efforts these States are putting forth and what they are doing to solve this problem. It seems to me that, if every problem is coming to the Federal Government dealing with local areas, we might as well give up our State charters and have a complete centralized Government. It would also seem that, when a resolution of this kind is passed and sent to the Members of Congress, it would also contain a detailed statement of just what the States are doing on their own volition, and in what specific way the Federal Government should step in.

Yours very truly,

FRANK J. BECKER,
Member of Congress.

Mr. GALLAGHER. Mr. Speaker, I wish to express my support of the aid to depressed areas bill. This legislation will permit the administration of President Kennedy to move ahead on major proposals which will permit urgently needed action to save many metropolitan areas where whole industrial complexes have been consumed with dry rot.

This legislation which failed passage in the House a year ago, will be the salvation of many cities that are facing economic crisis because of the flight of industries to suburban and rural areas.

The act will permit local governments, industrial commissions and other similar local agencies and private business to receive financial aid from the Federal Government either in the form of loans or grants for the purpose of rebuilding facilities. New and modern industrial structures, close to shipping terminals will be attractive to business.

In this case, the chronic unemployment, that has plagued many areas for years will be relieved and the whole economic structure of our cities strengthened.

The plight of big cities in recent years has become acute. The aid to depressed areas legislation, coupled with moves to improve transportation and vehicle traffic, will serve to relieve the big city problem. We can look for a healthy new growth of our cities.

Mr. CHAMBERLAIN. Mr. Speaker, on March 29, when the House depressed areas bill H.R. 4569, was before us, I voted for that measure. However, I am today opposing the adoption of the conference report on depressed areas and wish to register for the Record the reason for my opposition. My objection is to the "back-door spending" provisions which it contains, and to which I am strongly opposed in principle. I feel it is dangerous for Congress to lose control of the purse strings in this, and other Federal programs, and know of no adequate excuse for bypassing the normal appropriation process in this case.

Mr. ALGER. Mr. Speaker, in view of the errors of dictatorial form of govern-

ment, why should we give the President dictatorial power over spending, in contrast to our time-honored appropriation of money by congressional committee study? The House should not accede to the Senate in permitting the back-door raid on the Treasury substituted by the other body as the method of financing. Control over the purse strings resides in the Appropriation Committee of the House and we must not abandon our responsibilities. Rather, all expenditures by the Federal Government should be reappropriated every year by the Appropriations Committee. Otherwise we as Representatives and through us our constituents will lose control of the expenditures of the taxpayers hard-earned money. Members of Congress, not administrative appointees of the executive branch should control appropriations.

To me, it is particularly shocking that the President has demanded this new authority as declared by the chairman of the Banking and Currency Committee, the gentleman from Kentucky [Mr. SPENCE], and the gentleman from Alabama [Mr. RAINS]. Such action characterizes a dictatorship form of government not an elective republic. As the chairman of the Appropriations Committee said, "financial solvency is our greatest military weapon" and this action of back-door spending is "financial insanity." The arbitrary demand by the administration and the about-face of the Democrat House conferees is particularly damning because this aid to depressed areas is a new, and experimental program—all the more reason to keep closer, not lose, scrutiny of the program and control of expenditures.

This high-handed action suggests to me that members of his party including the chairman of Appropriations, should remind the President of the time tested good sense of Congressional procedures. All that stands between us and dictatorship are the rules of procedure followed by the House consonant with our Constitution. This action following the first of its kind \$500 million foreign aid without explanation and justification heralds a new form of administration that intends to run roughshod over Congress and the people we represent.

I, for one, resent this intrusion on the legislative branch prerogatives and I shall oppose the conference report. By defeating this report we will close the door on those who want to substitute Executive spending by decree for congressional appropriation and have a new conference report that retains our appropriation procedure. To do less would be to betray the people we represent.

Mr. MULTER. Mr. Speaker, the sole issue presented on this conference report is whether the loan part of this program should be handled as Treasury financing or by direct appropriations.

I reemphasize what has already been pointed out several times.

The grants and administration expenses are only authorized by this bill and must be appropriated in the usual manner by the Congress.

The loans will be financed directly by the Treasury. That is the traditional method as to loans.

But, even as to that, it is absurd to argue that Congress loses all control over the program. The bill itself requires elaborate reporting to the Congress. All congressional committees retain their continuing jurisdiction to review the operations of all the departments.

More important, the entire program comes to an end without any action by Congress in 1965. It can be continued only by our affirmative action. At that time, either we will continue it after a complete and thorough review or let it lapse.

Any time before that we can repeal it. The chances are that if it is successful, as we hope it will be, the money now authorized will be insufficient. In that case we will review the entire matter, in 1962 or 1963, and take further action as the facts then may require.

Permit me to advert for a moment to the question propounded by the distinguished chairman of the Agriculture Committee, the gentleman from North Carolina [Mr. COOLEY]. While it is intended for the Secretary of Commerce to delegate to the Secretary of Agriculture such functions as can more efficiently be performed by the latter, it is not intended to have the Secretary of Agriculture duplicate the efforts or invade the jurisdiction of the Small Business Administration.

The Small Business Administration's policies and procedures since the inception of the agency provide financial assistance, government procurement, production, and other technical services to small business concerns and State and local development companies located in rural and urban areas, and in areas of surplus labor.

SBA's existing procedures have been drawn and are constantly under review to make all of the Agency's services to small business concerns effective and productive for the individual small businessman. Marked for special consideration are loan applications from small concerns in the smaller cities, towns, villages, and rural communities for commercial and industrial loans where employees are drawn primarily from the surrounding rural population.

For the small businessman in local rural areas, the Small Business Administration also provides counseling services in connection with financial, production, technical, managerial problems, and Government contracting. In addition, SBA issues management publications written especially for small business operators located in rural as well as urban areas.

The agency has established programs to assist in the economic development of particular local communities by lending to a State or local development company which, in turn, provides facilities to specific small business concerns located in either urban or rural areas.

The Small Business Administration approved 432 rural development loans amounting to \$27 million in 1960.

There is located in the 55 SBA field offices established in key cities throughout the Nation, a staff of technical, financial, managerial, and production specialists who provide services to the

small businessman in these various programs. Under this legislation, before aid can be granted, financial assistance must be unavailable on reasonable terms from other sources, including other Federal agencies.

Accordingly, small concerns will be obliged to seek assistance from SBA under section 7(a) of the Small Business Act and title V of the Small Business Investment Act of 1958, before they will be eligible for assistance under section 6 of this bill. Thus, SBA will have reviewed the concern's application for financial conditions and the availability of other financing, so that only SBA can effectuate section 6 without duplicating the work of other Federal agencies.

SBA will continue to provide informational, technical, and managerial services to small business concerns in rural as well as urban areas. For other agencies to perform these services would constitute duplication of SBA efforts, which are prohibited by this bill. The Secretary of Commerce, under his authority from the Area Redevelopment Act, should delegate to Small Business Administration responsibility and authority to carry out his functions for programs in rural areas as they pertain to business and industrial loans and the other services of SBA described above. SBA is in a position to accept the delegation and carry out the responsibilities thereunder.

Mr. SPENCE. Mr. Speaker, I yield myself 2 minutes.

The SPEAKER. The gentleman from Kentucky is recognized.

Mr. SPENCE. Mr. Speaker, the President wants this bill enacted into law as reported by the conferees. The Secretary of Commerce, who will be the Administrator, also joins in this request.

Four times the Banking and Currency Committee has reported bills, the objective of which was to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas. One such bill sustained a pocket veto and one was vetoed by the President and the veto was not overridden by Congress. Now we have a President who I am sure will approve the legislation. It is recognized that depressed areas are evils. We cannot attain full economic growth or be assured of domestic tranquility while they exist. I ask the House to agree to the conference report.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 223, nays 193, not voting 17, as follows:

[Roll No. 44]

YEAS—223

Addabbo	Bailey	Bennett, Fla.
Addonizio	Baker	Bennett, Mich.
Albert	Barrett	Blatnik
Anfuso	Bass, Tenn.	Boggs
Aspinall	Beckworth	Boland

Bolling	Healey
Bonner	Hechler
Boykin	Hemphill
Brademas	Holifield
Bray	Holland
Breeding	Holtzman
Brewster	Huddleston
Brooks, Tex.	Ichord, Mo.
Buckley	Inouye
Burke, Ky.	Jennings
Burke, Mass.	Joelson
Byrne, Pa.	Johnson, Calif.
Carey	Johnson, Md.
Chelf	Johnson, Wis.
Clark	Jones, Ala.
Coad	Karsten
Cohelan	Karth
Cook	Kastenmeier
Cooley	Kearns
Corbett	Kee
Corman	Kelly
Curtin	Keogh
Daddario	Kilday
Daniels	King, Calif.
Dawson	King, Utah
Delaney	Kirwan
Dent	Kowalski
Denton	Landrum
Diggs	Lane
Dingell	Lankford
Donohue	Lesinski
Doyle	Libonati
Dulski	McCormack
Edmondson	McDowell
Elliott	McFall
Everett	McVey
Evins	Macdonald
Fallon	Machrowicz
Farbstein	Mack
Fascell	Madden
Feighan	Magnuson
Fenton	Marshall
Finnegan	Martin, Mass.
Fino	Mathias
Flood	Morrow
Flynt	Miller, Clem
Fogarty	Mills
Fountain	Moeller
Frazier	Monagan
Friedel	Montoya
Fulton	Moore
Gallagher	Moorehead,
Garmatz	Ohio
Gavin	Moorhead, Pa.
Gialmo	Morgan
Gilbert	Morris
Glenn	Morrison
Granahan	Moss
Gray	Multer
Green, Oreg.	Murphy
Green, Pa.	Natcher
Griffiths	Nix
Hagan, Ga.	O'Brien, Ill.
Hagen, Calif.	O'Brien, N.Y.
Halpern	O'Hara, Ill.
Hansen	O'Hara, Mich.
Harding	O'Konski
Hardy	Olsen
Harsha	O'Neill
Hays	Passman

NAYS—193

Abbt	Bruce	Dwyer
Abernethy	Burleson	Ellsworth
Adair	Byrnes, Wis.	Findley
Alexander	Cahill	Fisher
Alford	Cannon	Ford
Alger	Casey	Forrester
Andersen,	Cederberg	Frelinghuysen
Minn.	Chamberlain	Garland
Anderson, Ill.	Chenoweth	Gary
Andrews	Chiperfield	Gathings
Arends	Church	Goodell
Ashbrook	Clancy	Goodling
Ashmore	Collier	Grant
Auchincloss	Colmer	Griffin
Avery	Conte	Gross
Ayres	Cramer	Gubser
Baldwin	Cunningham	Haley
Bass, N.H.	Curtis, Mass.	Hall
Bates	Curtis, Mo.	Halleck
Battin	Dague	Harris
Becker	Davis,	Harrison, Va.
Beermann	James C.	Harrison, Wyo.
Belcher	Davis, John W.	Harvey, Ind.
Bell	Derounian	Harvey, Mich.
Berry	Derwinski	Hébert
Betts	Devine	Henderson
Bolton	Dole	Herlong
Bow	Dominick	Hiestand
Bromwell	Dooley	Hoeven
Brooks, La.	Dorn	Hoffman, Ill.
Broomfield	Dowdy	Hoffman, Mich.
Brown	Downing	Horan
Broyhill	Durno	Hosmer

Hull	May	Schwengel
Ikard, Tex.	Meader	Scott
Jarman	Michel	Selden
Jensen	Milliken	Short
Johansen	Minshall	Shriver
Jonas	Morse	Sibal
Jones, Mo.	Mosher	Smith, Calif.
Judd	Murray	Smith, Va.
Keith	Nelsen	Springer
Kilgore	Norblad	Stafford
King, N.Y.	Norrell	Stephens
Kitchin	Nygard	Taber
Kornegay	Osmer	Teague, Calif.
Kyl	Ostertag	Teague, Tex.
Laird	Pelly	Thomas
Langen	Pillion	Thomson, Wis.
Latta	Poage	Tuck
Lennon	Poff	Utt
Lindsay	Quile	Van Pelt
Lipscomb	Ray	Wallhauser
Loser	Reifel	Weaver
McCulloch	Rhodes, Ariz.	Wels
McDonough	Riehlman	Westland
McIntire	Robison	Wharton
McMillan	Rogers, Tex.	Whitener
McSween	Roudebush	Whitten
MacGregor	Roussellot	Widnall
Mahon	Rutherford	Williams
Mailliard	St. George	Wilson, Calif.
Martin, Nebr.	Schadeberg	Wilson, Ind.
Mason	Schenck	Winstead
Matthews	Scherer	Younger

NOT VOTING—17

Ashley	Kilburn	Moulder
Baring	Kluczynski	Riley
Barry	Knox	Roberts
Blitch	Miller,	Rogers, Colo.
Celler	George P.	Smith, Miss.
Davis, Tenn.	Miller, N.Y.	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Celler for, with Mr. Davis of Tennessee, against.

Mr. Roberts for, with Mr. Kilburn, against.

Mr. Kluczynski for, with Mr. Riley, against.

Mr. George P. Miller of California for, with Mrs. Blitch, against.

Mr. Rogers of Colorado for, with Mr. Miller of New York, against.

Mr. Baring for, with Mr. Barry, against.

Mr. Ashley for, with Mr. Knox, against.

Mr. HARSHA changed his vote from "nay" to "yea."

Mr. BROMWELL. Mr. Speaker, I was paired on this vote, but I arrived on the floor in time to vote. Of course, I should not be shown twice since I did vote in person.

The SPEAKER. The pair will be broken then, if the gentleman desires to do that.

Mr. BROMWELL. Yes, Mr. Speaker. The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AID TO DEPENDENT CHILDREN

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

Public Law 87-27
87th Congress, S. 1
May 1, 1961

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act".

Area Redevelopment Act.

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another.

75 STAT. 47.
75 STAT. 48.

AREA REDEVELOPMENT ADMINISTRATOR

SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the "Secretary") may assign.

ADVISORY POLICY BOARD

SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general.

National Public Advisory Committee on Area Redevelopment.

From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

REDEVELOPMENT AREAS

Standards.

SEC. 5. (a) The Secretary shall designate as "redevelopment areas" those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

75 STAT. 48.

75 STAT. 49.

(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

(2) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

(b) The Secretary shall also designate as "redevelopment areas" those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before extending any financial assistance as the result of designations under this subsection, the Secretary shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the extent to which "rural development" projects have previously been located in any such area under programs administered by the Department of Agriculture, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality

therein. In making the designations under this subsection, the Secretary shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations. Studies.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section. 75 STAT. 49.
75 STAT. 50.

(d) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area. Definition.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in cases of demonstrated need, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations. Limitations.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been

approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

75 STAT. 50. (3) The project for which financial assistance is sought must
75 STAT. 51. be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

Maximum loan
period.

(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in cases of demonstrated need, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost

of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

Conditions for
loans.

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-quarter of 1 per centum per annum.

(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000. Limitation.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

GRANTS FOR PUBLIC FACILITIES

Conditions for grants.

SEC. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) the area for which a project is to be undertaken has an approved economic development program as provided in section 6(b)(10) and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

Supervision.

(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

Appropriation.

(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

AREA REDEVELOPMENT FUND

SEC. 9. (a) To obtain funds for the purpose of extending financial assistance under sections 6 and 7, the Secretary may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 6 shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 7 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

Interest rates.

40 Stat. 288.
31 USC 774.

(b) Funds obtained by the Secretary under subsection (a) shall be deposited in an area redevelopment fund (hereinafter referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom. Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be paid into the Treasury as miscellaneous receipts.

(c) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activi-

Civil Service
retirement and
disability fund.
70 Stat. 747.

ties authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

(d) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

59 Stat. 598.

31 USC 847-849.

INFORMATION

SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

Appropriations.

POWERS OF SECRETARY

SEC. 12. In performing his duties under this Act, the Secretary is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or

instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act.

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations

thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

62 Stat. 910,
984.

Rules, regula-
tions, and pro-
cedures.

(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

63 Stat. 413.
42 USC 1450-
1463.

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses. 70 Stat. 1097.
42 USC 1460.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

63 Stat. 416.

42 USC 1455.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c)." 42 USC 1453.

URBAN PLANNING GRANTS

SEC. 15. (a) Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "counties which" the following: "(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)". 73 Stat. 678.
40 USC 461.

(b) Section 701(b) of such Act is amended by adding before the period at the end of the first sentence a colon and the following: "*Provided*, That a grant may be made under this section to a city, municipality, or county described in clause (A) of subsection (a)(3), or to a State planning agency (as provided in clause (C) of subsection (a)(1)) for the provision of planning assistance to such a city, municipality, or county, for not more than 75 per centum of such estimated cost".

OCCUPATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

Appropriation.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

(f) In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed

sixteen weeks, and the amount of any such payment for any week shall be equal to the amount of the average weekly unemployment compensation payment (including allowances for dependents when appropriate) payable for a week of total unemployment in the State making such payments.

(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

68 Stat. 1130.

42 USC 1361-1371.

(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

Rules and regulations.

(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

Appropriation.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information

concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No financial assistance shall be extended by the Secretary under section 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

Public inspection.

SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

49 Stat. 1011.

SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization

Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c). 48 Stat. 948.

ANNUAL REPORT

SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

Report to
Congress.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

Delegation of
functions, etc.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

Transfer of
funds.

(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of five such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

"Super-grade"
positions.
69 Stat. 179.
5 USC 1105.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

LOANS TO LOCAL DEVELOPMENT COMPANIES

72 Stat. 697.
15 USC 696.

SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

RESEARCH

SEC. 27. To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

APPLICATION OF ACT

SEC. 28. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

TERMINATION OF AUTHORITY

SEC. 29. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

May 1, 1961

- 17 -

Pub. Law 87-27

75 STAT. 63.

(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

Approved May 1, 1961.

87TH CONGRESS
1ST SESSION

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 7, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ROBERTSON to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz:

1 On page 49, line 25, strike out "raised" and insert in
2 lieu thereof "appropriated".

3 On page 53, line 6, strike out "raised" and insert in lieu
4 thereof "appropriated".

5 On page 56, beginning with line 14, strike out all
6 through line 15 on page 57, and insert in lieu thereof the
7 following:

8 "SEC. 9. (a) When requested by the Administrator,
9 advances shall be made to the revolving funds, established

1 under sections 6 (c) and 7 (f) of this Act, from appropri-
2 ations made therefor. There is hereby authorized to be
3 appropriated for the purpose of making advances to such
4 funds, without fiscal year limitation, an amount not to
5 exceed \$300,000,000.

6 “(b) Receipts arising from the loan programs author-
7 ized in sections 6 and 7 shall be credited to the appropriate
8 revolving fund. Any moneys in any such fund determined
9 by the Administrator to be in excess of current needs shall
10 be credited to the appropriation from which advanced to be
11 held for future advances to such fund.

12 “(c) There shall be paid into miscellaneous receipts of
13 the Treasury at the close of each fiscal year interest on ad-
14 vances to any such fund at rates which shall be determined
15 by the Secretary of the Treasury at the time the advances
16 or commitments for advances are made after taking into
17 consideration the current average market yields of outstand-
18 ing marketable obligations of the United States having
19 maturities comparable to loans made by the Administrator
20 under this Act.”

21 On page 57, line 16, strike out “(b)” and insert in lieu
22 thereof “(d)”.

AMENDMENTS

Intended to be proposed by Mr. ROBERTSON to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 7, 1961

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S. 1

IN THE SENATE OF THE UNITED STATES

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AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz:

1 On page 40, strike out lines 9 through 18, and insert
2 in lieu thereof the following:

3 "ADMINISTRATION

4 "SEC. 3. The provisions of this Act shall be adminis-
5 tered by the Secretary of Commerce (hereinafter referred
6 to as the 'Secretary')."

7 On page 40, line 20, strike out "Administrator" and
8 insert in lieu thereof "Secretary".

9 On page 40, line 25, strike out "of Commerce".

1 On page 41, line 10, strike out “of Commerce”.

2 On page 41, lines 15 and 16, strike out “of Commerce”.

3 On page 41, line 21, strike out “Administrator” and
4 insert in lieu thereof “Secretary”.

5 On page 42, in lines 2, 4, and 25, strike out “Adminis-
6 trator” and insert in lieu thereof “Secretary”.

7 On page 43, in lines 9, 10, 11, 20, and 23, strike out
8 “Administrator” and insert in lieu thereof “Secretary”.

9 On page 44, in lines 12, 17, and 23, strike out “Admin-
10 istrator” and insert in lieu thereof “Secretary”.

11 On page 44, lines 24 and 25, strike out “the Secretary
12 of Commerce,”.

13 On page 45, in lines 3, 4, 6, 12, and 17, strike out
14 “Administrator” and insert in lieu thereof “Secretary”.

15 On page 46, line 10, strike out “Administrator” and
16 insert in lieu thereof “Secretary”.

17 On page 47, in lines 11 and 24, strike out “Adminis-
18 trator” and insert in lieu thereof “Secretary”.

19 On page 48, in line 4, strike out “Administrator” and
20 insert in lieu thereof “Secretary”.

21 On page 49, in lines 1, 2, 5, and 16, strike out “Admin-
22 istrator” and insert in lieu thereof “Secretary”.

23 On page 50, line 14, strike out “Administrator” and
24 insert in lieu thereof “Secretary”.

1 On page 51, in lines 20, 23, and 24, strike out "Admin-
2 istrator" and insert in lieu thereof "Secretary".

3 On page 52, in lines 5 and 10, strike out "Administra-
4 tor" and insert in lieu thereof "Secretary".

5 On page 53, line 12, strike out "Administrator" and
6 insert in lieu thereof "Secretary".

7 On page 54, in lines 4 and 7, strike out "Administrator"
8 and insert in lieu thereof "Secretary".

9 On page 55, line 18, strike out "Administrator" and
10 insert in lieu thereof "Secretary".

11 On page 56, in lines 15 and 21, strike out "Adminis-
12 trator" and insert in lieu thereof "Secretary".

13 On page 57, line 18, strike out "Administrator" and in-
14 sert in lieu thereof "Secretary".

15 On page 58, in lines 4, 13, and 23, strike out "Adminis-
16 trator" and insert in lieu thereof "Secretary".

17 On page 59, in lines 6, 7, 13, 15, 22, and 23, strike out
18 "Administrator" and insert in lieu thereof "Secretary".

19 On page 60, in lines 10 and 11, strike out "Adminis-
20 trator" and insert in lieu thereof "Secretary".

21 On page 61, in lines 17, 21, and 25, strike out "Ad-
22 ministrator" and insert in lieu thereof "Secretary".

23 On page 62, in lines 3, 4, and 5, strike out "Adminis-
24 trator" and insert in lieu thereof "Secretary".

1 On page 63, in lines 15 and 24, strike out “Adminis-
2 trator” and insert in lieu thereof “Secretary”.

3 On page 64, in lines 9, 12, 13, and 14, strike out
4 “Administrator” and insert in lieu thereof “Secretary”.

5 On page 64, lines 24 and 25, strike out “Area Re-
6 development Administrator” and insert in lieu thereof “Sec-
7 retary of Commerce”.

8 On page 67, line 9, strike out “Area Redevelopment Ad-
9 ministrator” and insert in lieu thereof “Secretary of Com-
10 merce”.

11 On page 68, in lines 1 and 2, strike out “Administra-
12 tor” and insert in lieu thereof “Secretary”.

13 On page 69, line 19, strike out “Administrator” and in-
14 sert in lieu thereof “Secretary”.

15 On page 71, in lines 10 and 23, strike out “Administra-
16 tor” and insert in lieu thereof “Secretary”.

17 On page 72, in lines 4, 8, 11, 18, 20, and 24, strike out
18 “Administrator” and insert in lieu thereof “Secretary”.

19 On page 73, in lines 5, 8, 11, 15, and 21, strike out
20 “Administrator” and insert in lieu thereof “Secretary”.

21 On page 74, in lines 3, 5, and 6, strike out “Adminis-
22 tration” and insert in lieu thereof “Department of Com-
23 merce”.

24 On page 74, in lines 2, 16, and 17, strike out “Ad-
25 ministrator” and insert in lieu thereof “Secretary”.

1 On page 75, in lines 1 and 11, strike out “Administra-
2 tor” and insert in lieu thereof “Secretary”.

3 On page 77, in lines 2, 5, and 6, strike out “Adminis-
4 trator” and insert in lieu thereof “Secretary”.

5 On page 78, in lines 7, 8, 11, 20, and 21, strike out
6 “Administrator” and insert in lieu thereof “Secretary”.

7 On page 79, line 3, strike out “Administrator” and
8 insert in lieu thereof “Secretary”.

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 7, 1961

Ordered to lie on the table and to be printed

87TH CONGRESS
1ST SESSION

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 7, 1961

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ment in certain economically distressed areas, viz:

1 On page 49, line 25, strike out "raised" and insert in
2 lieu thereof "appropriated".

3 On page 53, line 6, strike out "raised" and insert in lieu
4 thereof "appropriated".

5 On page 56, beginning with line 14, strike out all
6 through line 15 on page 57, and insert in lieu thereof the
7 following:

8 "SEC. 9. (a) When requested by the Administrator,
9 advances shall be made to the revolving funds, established

1 under sections 6 (c) and 7 (f) of this Act, from appropri-
2 ations made therefor. There is hereby authorized to be
3 appropriated for the purpose of making advances to such
4 funds, without fiscal year limitation, an amount not to
5 exceed \$300,000,000.

6 “(b) Receipts arising from the loan programs author-
7 ized in sections 6 and 7 shall be credited to the appropriate
8 revolving fund. Any moneys in any such fund determined
9 by the Administrator to be in excess of current needs shall
10 be credited to the appropriation from which advanced to be
11 held for future advances to such fund.

12 “(c) There shall be paid into miscellaneous receipts of
13 the Treasury at the close of each fiscal year interest on ad-
14 vances to any such fund at rates which shall be determined
15 by the Secretary of the Treasury at the time the advances
16 or commitments for advances are made after taking into
17 consideration the current average market yields of outstand-
18 ing marketable obligations of the United States having
19 maturities comparable to loans made by the Administrator
20 under this Act.”

21 On page 57, line 16, strike out “(b)” and insert in lieu
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3 “ADMINISTRATION

4 “SEC. 3. The provisions of this Act shall be adminis-
5 tered by the Secretary of Commerce (hereinafter referred
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8 insert in lieu thereof “Secretary”.

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3 On page 41, line 21, strike out "Administrator" and
4 insert in lieu thereof "Secretary".

5 On page 42, in lines 2, 4, and 25, strike out "Adminis-
6 trator" and insert in lieu thereof "Secretary".

7 On page 43, in lines 9, 10, 11, 20, and 23, strike out
8 "Administrator" and insert in lieu thereof "Secretary".

9 On page 44, in lines 12, 17, and 23, strike out "Admin-
10 istrator" and insert in lieu thereof "Secretary".

11 On page 44, lines 24 and 25, strike out "the Secretary
12 of Commerce,".

13 On page 45, in lines 3, 4, 6, 12, and 17, strike out
14 "Administrator" and insert in lieu thereof "Secretary".

15 On page 46, line 10, strike out "Administrator" and
16 insert in lieu thereof "Secretary".

17 On page 47, in lines 11 and 24, strike out "Adminis-
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6 insert in lieu thereof “Secretary”.

7 On page 54, in lines 4 and 7, strike out “Administrator”
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9 On page 55, line 18, strike out “Administrator” and
10 insert in lieu thereof “Secretary”.

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3 On page 64, in lines 9, 12, 13, and 14, strike out
4 “Administrator” and insert in lieu thereof “Secretary”.

5 On page 64, lines 24 and 25, strike out “Area Re-
6 development Administrator” and insert in lieu thereof “Sec-
7 retary of Commerce”.

8 On page 67, line 9, strike out “Area Redevelopment Ad-
9 ministrator” and insert in lieu thereof “Secretary of Com-
10 merce”.

11 On page 68, in lines 1 and 2, strike out “Administra-
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13 On page 69, line 19, strike out “Administrator” and in-
14 sert in lieu thereof “Secretary”.

15 On page 71, in lines 10 and 23, strike out “Administra-
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17 On page 72, in lines 4, 8, 11, 18, 20, and 24, strike out
18 “Administrator” and insert in lieu thereof “Secretary”.

19 On page 73, in lines 5, 8, 11, 15, and 21, strike out
20 “Administrator” and insert in lieu thereof “Secretary”.

21 On page 74, in lines 3, 5, and 6, strike out “Adminis-
22 tration” and insert in lieu thereof “Department of Com-
23 merce”.

24 On page 74, in lines 2, 16, and 17, strike out “Ad-
25 ministrator” and insert in lieu thereof “Secretary”.

1 On page 75, in lines 1 and 11, strike out “Administra-
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3 On page 77, in lines 2, 5, and 6, strike out “Adminis-
4 trator” and insert in lieu thereof “Secretary”.

5 On page 78, in lines 7, 8, 11, 20, and 21, strike out
6 “Administrator” and insert in lieu thereof “Secretary”.

7 On page 79, line 3, strike out “Administrator” and
8 insert in lieu thereof “Secretary”.

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 7, 1961

Ordered to lie on the table and to be printed

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz:

1 On page 43, line 12, after "those" insert "rural".

2 On page 44, line 4, after the comma insert the following:

3 "the extent to which demonstration 'rural development' proj-
4 ects have previously been located in any such area under
5 programs administered by the Department of Agriculture,".

6 On page 44, line 16, before the period insert a colon
7 and the following: "*Provided*, That the Administrator shall
8 make assistance available under this Act with respect to at
9 least one such project in each State if the Governor thereof
10 finds that a need for such project exists and makes a cer-
11 tification of that finding to the Administrator".

AMENDMENTS

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 8, 1961

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AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz: On page 79, strike out lines 9 through 18, and insert in lieu thereof the following:

1 TERMINATION OF AUTHORITY

2 SEC. 27. (a) This Act and all authority conferred there-
3 under shall terminate at the close of June 30, 1963.

4 (b) Notwithstanding the foregoing, effective on July 1,
5 1963, those assets, funds, contracts, loans, liabilities, commit-
6 ments, authorizations, allocations, and records of the Area
7 Redevelopment Administration which the Director of the
8 Bureau of the Budget shall determine are necessary to the
9 liquidation of the affairs and functions of such Administration,

1 are transferred to the Secretary of the Treasury for purposes
2 of liquidation.

3 (c) The termination of this Act shall not affect the dis-
4 bursement of funds under, or the carrying out of, any con-
5 tract, commitment, or other obligation entered into pursuant
6 to this Act prior to the date of such termination, or the taking
7 of any action necessary to preserve or protect the interests of
8 the United States in any amounts advanced or paid out in
9 carrying on operations under this Act.

87TH CONGRESS
1ST SESSION

S. 1

AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

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1 On page 43, line 12, after "those" insert "rural".

2 On page 44, line 4, after the comma insert the following:

3 "the extent to which demonstration 'rural development' proj-
4 ects have previously been located in any such area under
5 programs administered by the Department of Agriculture,".

6 On page 44, line 16, before the period insert a colon
7 and the following: "*Provided*, That the Administrator shall
8 make assistance available under this Act with respect to at
9 least one such project in each State if the Governor thereof
10 finds that a need for such project exists and makes a cer-
11 tification of that finding to the Administrator".

AMENDMENTS

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MARCH 8, 1961

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IN THE SENATE OF THE UNITED STATES

MARCH 8, 1961

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AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz: On page 42, beginning with line 4, strike out all through line 10, on page 43, and insert the following:

1 SEC. 5. (a) (1) The Secretary of Labor shall from time
2 to time, or upon the request of the Administrator, certify to
3 the Administrator the location of any labor market area
4 within the United States which he finds (on the basis of
5 available labor force data or such special studies as he deems
6 necessary) is sufficiently limited in the size of its labor force
7 and in the character of its economy so as to be dependent on
8 a single industry for its employment opportunities. For the
9 purposes of this subsection, a labor market area shall be

1 deemed dependent on a single industry for its employment
2 opportunities if (A) the area has a labor force of less than
3 fifteen thousand and at least 25 per centum of that labor
4 force has been employed in one industry during any one of
5 the preceding ten calendar years, or (B) the area has a
6 labor force of fifteen thousand or more and at least 20 per
7 centum of that labor force has been employed in one in-
8 dustry during any one of the preceding ten calendar years.

9 (2) The Administrator shall designate as a "redevelop-
10 ment area" any labor market area, with respect to which a
11 certification is made under paragraph (1) of this subsection,
12 which he determines is an area—

13 (A) where the rate of unemployment, excluding
14 unemployment due primarily to temporary or seasonal
15 factors, is currently 6 per centum or more and has aver-
16 aged at least 6 per centum for the qualifying time periods
17 specified in subparagraph (B) below; and

18 (B) where the annual average rate of unemploy-
19 ment has been at least—

20 (i) 50 per centum above the national average
21 for three of the preceding four calendar years, or

22 (ii) 75 per centum above the national average
23 for two of the preceding three calendar years; or

24 (iii) 100 per centum above the national av-

1 erage for one of the preceding two calendar years;
2 and

3 (C) where there exists no reasonable probability
4 of substantial improvement in employment opportunities
5 in the foreseeable future without assistance of the type
6 provided in this Act.

AMENDMENT

Intended to be proposed by Mr. CAPENART to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 8, 1961

Ordered to lie on the table and to be printed

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz: On page 79, strike out lines 9 through 18, and insert in lieu thereof the following:

1 TERMINATION OF AUTHORITY

2 SEC. 27. (a) This Act and all authority conferred there-
3 under shall terminate at the close of June 30, 1963.

4 (b) Notwithstanding the foregoing, effective on July 1,
5 1963, those assets, funds, contracts, loans, liabilities, commit-
6 ments, authorizations, allocations, and records of the Area
7 Redevelopment Administration which the Director of the
8 Bureau of the Budget shall determine are necessary to the
9 liquidation of the affairs and functions of such Administration,

1 are transferred to the Secretary of the Treasury for purposes
2 of liquidation.

3 (c) The termination of this Act shall not affect the dis-
4 bursement of funds under, or the carrying out of, any con-
5 tract, commitment, or other obligation entered into pursuant
6 to this Act prior to the date of such termination, or the taking
7 of any action necessary to preserve or protect the interests of
8 the United States in any amounts advanced or paid out in
9 carrying on operations under this Act.

AMENDMENT

Intended to be proposed by Mr. Bush to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 8, 1961

Ordered to lie on the table and to be printed

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz: On page 79, strike out lines 9 through 18, and insert in lieu thereof the following:

1 TERMINATION OF AUTHORITY

2 SEC. 27. (a) This Act and all authority conferred there-
3 under shall terminate at the close of June 30, 1963.

4 (b) Notwithstanding the foregoing, effective on July 1,
5 1963, those assets, funds, contracts, loans, liabilities, commit-
6 ments, authorizations, allocations, and records of the Area
7 Redevelopment Administration which the Director of the
8 Bureau of the Budget shall determine are necessary to the
9 liquidation of the affairs and functions of such Administration,

1 are transferred to the Secretary of the Treasury for purposes
2 of liquidation.

3 (c) The termination of this Act shall not affect the dis-
4 bursement of funds under, or the carrying out of, any con-
5 tract, commitment, or other obligation entered into pursuant
6 to this Act prior to the date of such termination, or the taking
7 of any action necessary to preserve or protect the interests of
8 the United States in any amounts advanced or paid out in
9 carrying on operations under this Act.

AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 8, 1961

Ordered to lie on the table and to be printed

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz: On page 42, beginning with line 4, strike out all through line 10, on page 43, and insert the following:

1 SEC. 5. (a) (1) The Secretary of Labor shall from time
2 to time, or upon the request of the Administrator, certify to
3 the Administrator the location of any labor market area
4 within the United States which he finds (on the basis of
5 available labor force data or such special studies as he deems
6 necessary) is sufficiently limited in the size of its labor force
7 and in the character of its economy so as to be dependent on
8 a single industry for its employment opportunities. For the
9 purposes of this subsection, a labor market area shall be

1 deemed dependent on a single industry for its employment
2 opportunities if (A) the area has a labor force of less than
3 fifteen thousand and at least 25 per centum of that labor
4 force has been employed in one industry during any one of
5 the preceding ten calendar years, or (B) the area has a
6 labor force of fifteen thousand or more and at least 20 per
7 centum of that labor force has been employed in one in-
8 dustry during any one of the preceding ten calendar years.

9 (2) The Administrator shall designate as a “redevelop-
10 ment area” any labor market area, with respect to which a
11 certification is made under paragraph (1) of this subsection,
12 which he determines is an area—

13 (A) where the rate of unemployment, excluding
14 unemployment due primarily to temporary or seasonal
15 factors, is currently 6 per centum or more and has aver-
16 aged at least 6 per centum for the qualifying time periods
17 specified in subparagraph (B) below; and

18 (B) where the annual average rate of unemploy-
19 ment has been at least—

20 (i) 50 per centum above the national average
21 for three of the preceding four calendar years, or

22 (ii) 75 per centum above the national average
23 for two of the preceding three calendar years; or

24 (iii) 100 per centum above the national av-

1 erage for one of the preceding two calendar years;
2 and

3 (C) where there exists no reasonable probability
4 of substantial improvement in employment opportunities
5 in the foreseeable future without assistance of the type
6 provided in this Act.

87TH CONGRESS
1ST SESSION

S. 1

AMENDMENT

Intended to be proposed by Mr. CARMICHAEL to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 8, 1961

Ordered to lie on the table and to be printed

87TH CONGRESS
1ST SESSION

S. 1

Calendar No. 63

IN THE SENATE OF THE UNITED STATES

MARCH 9, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1)
to establish an effective program to alleviate conditions of
substantial and persistent unemployment and underemploy-
ment in certain economically distressed areas, viz:

1 On page 40, strike out lines 9 through 18, and insert in
2 lieu thereof the following:

3 “AREA REDEVELOPMENT ADMINISTRATOR

4 “SEC. 3. There shall be appointd by the President, by
5 and with the advice and consent of the Senate, an Area Re-
6 development Administrator in the Department of Commerce
7 who shall receive compensation at a rate equal to that re-
8 ceived by Assistant Secretaries of Commerce. The Admin-
9 istrator shall perform such duties in the execution of this Act

1 as the Secretary of Commerce (hereinafter referred to as the
2 'Secretary') may assign."

3 On page 40, line 20, strike out "Administrator" and
4 insert in lieu thereof "Secretary".

5 On page 40, line 25, strike out "of Commerce".

6 On page 41, line 10, strike out "of Commerce".

7 On page 41, lines 15 and 16, strike out "of Commerce".

8 On page 41, line 21, strike out "Administrator" and
9 insert in lieu thereof "Secretary".

10 On page 42, in lines 2, 4, and 25, strike out "Adminis-
11 trator" and insert in lieu thereof "Secretary".

12 On page 43, in lines 9, 10, 11, 20, and 23, strike out
13 "Administrator" and insert in lieu thereof "Secretary".

14 On page 44, in lines 12, 17, and 23, strike out "Admin-
15 istrator" and insert in lieu thereof "Secretary".

16 On page 44, lines 24 and 25, strike out "the Secretary
17 of Commerce,".

18 On page 45, in lines 3, 4, 6, 12, and 17, strike out
19 "Administrator" and insert in lieu thereof "Secretary".

20 On page 46, line 10, strike out "Administrator" and
21 insert in lieu thereof "Secretary".

22 On page 47, in lines 11 and 24, strike out "Adminis-
23 trator" and insert in lieu thereof "Secretary".

24 On page 48, in line 4, strike out "Administrator" and
25 insert in lieu thereof "Secretary".

1 On page 49, in lines 1, 2, 5, and 16, strike out “Admin-
2 istrator” and insert in lieu thereof “Secretary”.

3 On page 50, line 14, strike out “Administrator” and
4 insert in lieu thereof “Secretary”.

5 On page 51, in lines 20, 23, and 24, strike out “Admin-
6 istrator” and insert in lieu thereof “Secretary”.

7 On page 52, in lines 5 and 10, strike out “Administra-
8 tor” and insert in lieu thereof “Secretary”.

9 On page 53, line 12, strike out “Administrator” and
10 insert in lieu thereof “Secretary”.

11 On page 54 in lines 4 and 7, strike out “Administrator”
12 and insert in lieu thereof “Secretary”.

13 On page 55, line 18, strike out “Administrator” and
14 insert in lieu thereof “Secretary”.

15 On page 56, in lines 15 and 21, strike out “Adminis-
16 trator” and insert in lieu thereof “Secretary”.

17 On page 57, line 18, strike out “Administrator” and in-
18 sert in lieu thereof “Secretary”.

19 On page 58, in lines 4, 13, and 23, strike out “Adminis-
20 trator” and insert in lieu thereof “Secretary”.

21 On page 59, in lines 6, 7, 13, 15, 22, and 23, strike out
22 “Administrator” and insert in lieu thereof “Secretary”.

23 On page 60, in lines 10 and 11, strike out “Adminis-
24 trator” and insert in lieu thereof “Secretary”.

1 On page 61, in lines 17, 21, and 25, strike out “Ad-
2 ministrator” and insert in lieu thereof “Secretary”.

3 On page 62, in lines 3, 4, and 5, strike out “Adminis-
4 trator” and insert in lieu thereof “Secretary”.

5 On page 63, in lines 15 and 24, strike out “Adminis-
6 trator” and insert in lieu thereof “Secretary”.

7 On page 64, in lines 9, 12, 13, and 14, strike out
8 “Administrator” and insert in lieu thereof “Secretary”.

9 On page 64, lines 24 and 25, strike out “Area Re-
10 development Administrator” and insert in lieu thereof “Sec-
11 retary of Commerce”.

12 On page 67, line 9, strike out “Area Redevelopment Ad-
13 ministrator” and insert in lieu thereof “Secretary of Com-
14 merce”.

15 On page 68, in lines 1 and 2, strike out “Administra-
16 tor” and insert in lieu thereof “Secretary”.

17 On page 69, line 19, strike out “Administrator” and in-
18 sert in lieu thereof “Secretary”.

19 On page 71, in lines 10 and 23, strike out “Administra-
20 tor” and insert in lieu thereof “Secretary”.

21 On page 72, in lines 4, 8, 11, 18, 20, and 24, strike out
22 “Administrator” and insert in lieu thereof “Secretary”.

23 On page 73, in lines 5, 8, 11, 15, and 21, strike out
24 “Administrator” and insert in lieu thereof “Secretary”.

25 On page 74, in lines 3, 5, and 6, strike out “Adminis-

1 tration” and insert in lieu thereof “Department of Com-
2 merce”.

3 On page 74, in lines 2, 16, and 17, strike out “Ad-
4 ministrator” and insert in lieu thereof “Secretary”.

5 On page 75, in lines 1 and 11, strike out “Adminis-
6 trator” and insert in lieu thereof “Secretary”.

7 On page 76, lines 20 and 23, strike out “Administrator”
8 and insert in lieu thereof “Secretary”.

9 On page 77, in lines 6, 9, and 10, strike out “Adminis-
10 trator” and insert in lieu thereof “Secretary”.

11 On page 78, in lines 11, 12, 15, and 24, strike out “Ad-
12 ministrator” and insert in lieu thereof “Secretary”.

13 On page 79, in lines 1 and 8, strike out “Administrator”
14 and insert in lieu thereof “Secretary”.

87TH CONGRESS
1ST SESSION

S. 1

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 9, 1961

Ordered to lie on the table and to be printed

IN THE SENATE OF THE UNITED STATES

MARCH 9, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz: On page 79, strike out lines 14 through 23, and insert in lieu thereof the following:

1 TERMINATION OF AUTHORITY

2 SEC. 27. (a) This Act and all authority conferred there-
3 under shall terminate at the close of June 30, 1963.

4 (b) Notwithstanding the foregoing, effective on July 1,
5 1963, those assets, funds, contracts, loans, liabilities, commit-
6 ments, authorizations, allocations, and records of the Area
7 Redevelopment Administration which the Director of the
8 Bureau of the Budget shall determine are necessary to the
9 liquidation of the affairs and functions of such Administration,

1 are transferred to the Secretary of the Treasury for purposes
2 of liquidation.

3 (c) The termination of this Act shall not affect the dis-
4 bursement of funds under, or the carrying out of, any con-
5 tract, commitment, or other obligation entered into pursuant
6 to this Act prior to the date of such termination, or the taking
7 of any action necessary to preserve or protect the interests of
8 the United States in any amounts advanced or paid out in
9 carrying on operations under this Act.

STATEMENT

1. The purpose of this Act is to provide for the liquidation of the
2 assets of the Federal Reserve Bank of New York, and to provide for the
3 payment of the liabilities of the Federal Reserve Bank of New York.
4 The Act is intended to provide for the liquidation of the assets of the
5 Federal Reserve Bank of New York, and to provide for the payment of the
6 liabilities of the Federal Reserve Bank of New York.

7. The Act is intended to provide for the liquidation of the assets of the
8 Federal Reserve Bank of New York, and to provide for the payment of the
9 liabilities of the Federal Reserve Bank of New York.

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[illegible][illegible]

87TH CONGRESS
1ST SESSION

S. 1

AMENDMENT

Intended to be proposed by Mr. BUSH to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 9, 1961

Ordered to lie on the table and to be printed

IN THE SENATE OF THE UNITED STATES

MARCH 9, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz:

1 On page 45, lines 21 and 22, strike out the following:
2 “(including machinery and equipment in cases of demon-
3 strated need) ”.

4 On page 48, lines 12 and 13, strike out the following:
5 “(including, in cases of demonstrated need, machinery and
6 equipment) ”.

AMENDMENTS

Intended to be proposed by Mr. JAVITS to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 9, 1961

Ordered to lie on the table and to be printed

Calendar No. 63

87TH CONGRESS
1ST SESSION

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 9, 1961

Ordered to lie on the table and to be printed

AMENDMENT

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. SCOTT to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

1 That this Act be cited as the "Area Redevelopment Act".

2 DECLARATION OF PURPOSE

3 SEC. 2. The Congress declares that the maintenance
4 of the national economy at a high level is vital to the best
5 interests of the United States, but that some of our com-
6 munities are suffering substantial and persistent unemploy-
7 ment which causes hardship to many individuals and their
8 families and detracts from the national welfare by wasting

1 vital human resources; that to overcome this problem the
2 Federal Government in cooperation with the States, should
3 help areas of substantial and persistent unemployment to
4 take effective steps in planning and financing their economic
5 development; that Federal assistance should enable com-
6 munities to achieve lasting improvement and enhance the
7 domestic prosperity by the establishment of stable and di-
8 versified local economies; and that new employment oppor-
9 tunities should be created rather than merely transferred
10 from one community to another.

11 AREA ECONOMIC REDEVELOPMENT ADMINISTRATION

12 SEC. 3. To assist areas in the United States designated
13 hereinafter as redevelopment areas, the Secretary of Com-
14 merce is authorized to take such action as may be necessary
15 to carry out the provisions of this Act. To assist the Sec-
16 retary of Commerce (hereinafter referred to as the "Sec-
17 retary"), there is hereby established within the Department
18 of Commerce an Area Economic Redevelopment Adminis-
19 tration which shall be headed by an Administrator who shall
20 be appointed by the Secretary and who shall receive com-
21 pensation at a rate equal to that received by Assistant Sec-
22 retaries of Commerce. The Administrator shall perform
23 such duties in the execution of this Act as the Secretary may
24 assign.

ADVISORY BOARD

1
2 SEC. 4. (a) To advise the Secretary in the performance
3 of functions authorized by this Act, there is authorized to
4 be created an Area Economic Redevelopment Advisory
5 Board (hereinafter referred to as the "Board", which shall
6 consist of the following members, all ex officio: The Secre-
7 tary, as Chairman; the Secretaries of Agriculture; Health,
8 Education, and Welfare; Labor; and Treasury; the Admin-
9 istrators of the Housing and Home Finance Agency and of
10 the Small Business Administration. The Chairman may from
11 time to time invite the participation of officials of other agen-
12 cies of the executive branch interested in the functions
13 herein authorized. Each member of the Board may desig-
14 nate an officer of his agency to act for him as a member of
15 the Board with respect to any matter there considered.

16 (b) The Secretary shall appoint a National Public
17 Advisory Committee on Area Redevelopment which shall
18 consist of twenty-five members and which shall be composed
19 of representatives of labor, management, agriculture, and
20 the public in general. From the members appointed to such
21 Committee the Secretary shall designate a Chairman. Such
22 Committee, or any duly established subcommittee thereof,
23 shall from time to time make recommendations to the
24 Secretary relative to the carrying out of his duties under this

1 Act. Such Committee shall hold not less than two meetings
2 during each calendar year.

3 (c) The Secretary is authorized from time to time to
4 call together and confer with representatives of the various
5 parties in interest from any industry in which employment
6 has dropped substantially over an extended period of years
7 and which in consequence has been a primary source of
8 high levels of unemployment in several areas designated
9 by the Secretary as redevelopment areas. Conferences con-
10 vened under authority of this subsection shall consider with
11 and recommend to the Secretary plans and programs with
12 special reference to any such industry to carry out the pur-
13 poses of this Act.

14 REDEVELOPMENT AREAS

15 SEC. 5. (a) The Secretary shall designate as "indus-
16 trial redevelopment areas" those industrial areas within the
17 United States in which he determines that there has existed
18 substantial and persistent unemployment for an extended
19 period of time. There shall be included among the areas so
20 designated any industrial area—

21 (1) where the rate of unemployment, excluding
22 unemployment due primarily to temporary or seasonal
23 factors, is currently 6 per centum or more and has
24 averaged at least 6 per centum for the qualifying time
25 periods specified in (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

(b) The Secretary shall also designate as “rural re-development areas” those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

(c) In making the determinations provided for in this section, the Secretary shall be guided, but not conclusively

1 governed, by pertinent studies made, and information and
2 data collected or compiled, by (1) departments, agencies,
3 and instrumentalities of the Federal Government, (2) State
4 and local governments, (3) universities and land-grant
5 colleges, and (4) private organizations.

6 (d) Upon the request of the Secretary, the Secretary
7 of Labor, the Secretary of Agriculture, and the Director of
8 the Bureau of the Census are respectively authorized to
9 conduct such special studies, obtain such information and
10 compile and furnish to the Secretary such data as the
11 Secretary may deem necessary or proper to enable him to
12 make the determinations provided for in this section. The
13 Secretary shall reimburse, out of any funds appropriated to
14 carry out the purposes of this Act, the foregoing officers for
15 any expenditures incurred by them under this section.

16 (e) As used in this Act, the term "redevelopment
17 area" refers to any area within the United States which has
18 been designated by the Secretary as an industrial redevel-
19 opment area or a rural redevelopment area, and may include
20 one or more counties, or one or more municipalities, or a
21 part of a county or municipality.

22 LOANS AND PARTICIPATIONS

23 SEC. 6. (a) The Secretary is authorized to purchase
24 evidences of indebtedness and to make loans (including

1 immediate participations therein) to aid in financing any
2 project for the purchase or development of land and facil-
3 ities for industrial usage, for the construction of new factory
4 buildings, for rehabilitation of abandoned or unoccupied fac-
5 tory buildings, or for the alteration, conversion, or enlarge-
6 ment of any existing buildings for industrial use. Such
7 financial assistance shall not be extended for working capital,
8 for purchases of machinery or equipment, or to assist estab-
9 lishments relocating from one area to another when such
10 assistance will result in substantial detriment to the area of
11 original location by increasing unemployment.

12 (b) Financial assistance under this section shall be
13 on such terms and conditions as the Secretary determines,
14 subject, however, to the following restrictions and limita-
15 tions:

16 (1) The total amount of loans and loan participa-
17 tions (including purchased evidences of indebtedness)
18 outstanding at any one time under this section (A)
19 with respect to projects in industrial redevelopment
20 areas shall not exceed \$100,000,000, and (B) with
21 respect to projects in rural redevelopment areas shall
22 not exceed \$50,000,000;

23 (2) Such assistance shall be extended only to ap-
24 plicants, both private and public, approved by the State

1 (or any agency or instrumentality thereof concerned
2 with problems of economic development) in which the
3 project to be financed shall be located;

4 (3) No such assistance shall be extended hereunder
5 unless the financial assistance applied for is not other-
6 wise available from private lenders or other Federal
7 agencies on reasonable terms;

8 (4) No loan shall be made unless it is determined
9 that an immediate participation is not available;

10 (5) No evidences of indebtedness shall be purchased
11 and no loans shall be made unless it is determined that
12 there is a reasonable assurance of repayment;

13 (6) Subject to section 11 (5) of this Act, no loan,
14 including renewals or extension thereof may be made
15 hereunder for a period exceeding thirty years and no
16 evidences of indebtedness maturing more than thirty
17 years from date of purchase may be purchased here-
18 under: *Provided*, That the foregoing restrictions on
19 maturities shall not apply to securities or obligations
20 received by the Secretary as a claimant in bankruptcy
21 or equitable reorganization or as a creditor in other
22 proceedings attendant upon insolvency of the obligor,
23 or if extension or renewal for additional periods, not to
24 exceed, however, a total of ten years, will aid in the

1 orderly liquidation of such loan or of such evidence of
2 indebtedness;

3 (7) Such assistance shall not exceed 50 per centum
4 of the aggregate cost to the applicant (excluding all
5 other Federal aid in connection with the undertaking)
6 of acquiring or developing land and facilities, and of
7 constructing, altering, converting, rehabilitating, or en-
8 larging the building or buildings of the particular project
9 and shall, among others, be on the following conditions:

10 (A) That other funds are available in an
11 amount which, together with the assistance provided
12 hereunder, shall be sufficient to pay such aggregate
13 cost;

14 (B) That not less than 10 per centum of such
15 aggregate cost be supplied by the State or any
16 agency, instrumentality, or political subdivision
17 thereof, or by a community or area organization, as
18 equity capital or as a loan repayable only after the
19 financial assistance hereunder has been repaid in full
20 according to the terms thereof and, if such loan is
21 secured, its security shall be subordinate and in-
22 ferior to the lien or liens securing the financial
23 assistance hereunder; and

1 (C) That in making any loan under this section
2 with respect to an industrial redevelopment area, the
3 Secretary shall require that not less than 5 per
4 centum of the aggregate cost of the project for which
5 such loan is made shall be supplied by nongovern-
6 mental sources.

7 (8) No such assistance shall be extended unless
8 there shall be submitted and approved by the Secre-
9 tary an overall program for the economic development of
10 the area and a finding by the State, or any agency,
11 instrumentality, or local political subdivision thereof,
12 that the project for which financial assistance is sought
13 is consistent with such program: *Provided*, That noth-
14 ing in this Act shall authorize financial assistance for
15 any project prohibited by laws of the State or local
16 political subdivision in which the project would be
17 located.

18 (c) Of the funds authorized to be appropriated under
19 section 8 of this Act, not more than \$100,000,000 shall be
20 deposited in a revolving fund which shall be used for the pur-
21 pose of making loans under this section with respect to
22 projects in industrial redevelopment areas, and not more than
23 \$50,000,000 shall be deposited in a revolving fund which
24 shall be used for the purpose of making loans under this sec-
25 tion with respect to projects in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, or private or public organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

(4) there is a reasonable expectation of repayment.

(b) No loan under this section shall be for an amount in excess of 50 per centum of the aggregate cost of the project for which such loan is made. Subject to section 11 (5), the

1 maturity date of any such loan shall be not later than thirty
2 years after the date such loan is made.

3 (c) In making any loan under this section, the Secre-
4 tary shall require that not less than 10 per centum of the
5 aggregate cost of the project for which such loan is made
6 shall be supplied by the State (including any political sub-
7 division thereof) within which such project is to be located
8 as equity capital, or as a loan repayable only after the finan-
9 cial assistance provided under this section has been repaid
10 in full, and, if such loan is secured, its security shall be sub-
11 ordinate to the lien or liens securing the financial assistance
12 provided under this section. In determining the amount of
13 participation required under this subsection with respect to
14 any particular project, the Secretary shall give consideration
15 to the financial condition of the State or local government,
16 and to the per capita income of the residents of the redevel-
17 opment area, within which such project is to be located.

18 (d) Of the funds authorized to be appropriated under
19 section 8 of this Act, not more than \$50,000,000 shall be
20 deposited in a revolving fund which shall be used for the pur-
21 pose of making loans under this section.

22 APPROPRIATION FOR LOANS

23 SEC. 8. There is hereby authorized to be appropriated
24 not to exceed \$200,000,000 to provide funds for loans under
25 this Act.

INFORMATION

1
2 SEC. 9. The Secretary shall aid redevelopment areas by
3 furnishing to interested individuals, communities, industries,
4 and enterprises within such areas any assistance, technical
5 information, market research, or other forms of assistance, in-
6 formation, or advice which are obtainable from the various
7 departments, agencies, and instrumentalities of the Federal
8 Government and which would be useful in alleviating con-
9 ditions of excessive unemployment or underemployment
10 within such areas. The Secretary shall furnish the procure-
11 ment divisions of the various departments, agencies, and
12 other instrumentalities of the Federal Government with a list
13 containing the names and addresses of business firms which
14 are located in redevelopment areas and which are desirous
15 of obtaining Government contracts for the furnishing of sup-
16 plies or services, and designating the supplies and services
17 such firms are engaged in providing.

TECHNICAL ASSISTANCE

18
19 SEC. 10. In carrying out his duties under this Act, the
20 Secretary is authorized to provide technical assistance to
21 areas which he has designated as redevelopment areas under
22 this Act. Such assistance shall include studies evaluating
23 the needs of, and development potentialities for, economic
24 growth of such areas. Such assistance may be provided by
25 the Secretary through members of his staff or through the

1 employment of private individuals, partnerships, firms, cor-
2 porations, or suitable institutions, under contracts entered
3 into for such purpose. Appropriations are hereby authorized
4 for the purposes of this section in an amount not to exceed
5 \$4,000,000 annually.

6 POWERS OF SECRETARY

7 SEC. 11. In performing his duties under this Act, the
8 Secretary is authorized to—

9 (1) adopt, alter, and use a seal, which shall be ju-
10 dicially noticed; and subject to the civil service and
11 classification laws, select, employ, appoint, and fix the
12 compensation of such officers, employees, attorneys, and
13 agents as shall be necessary to carry out the provisions
14 of this Act, and define their authority and duties, pro-
15 vide bonds for them in such amounts as the Secretary
16 shall determine, and pay the costs of qualification of cer-
17 tain of them as notaries public;

18 (2) hold such hearings, sit and act at such times
19 and places, and take such testimony, as he may deem ad-
20 visable;

21 (3) request directly from any executive depart-
22 ment, bureau, agency, board, commission, office, inde-
23 pendent establishment, or instrumentality information,
24 suggestions, estimates, and statistics needed to carry out
25 the purposes of this Act; and each department, bureau,

1 agency, board, commission, office, establishment, or in-
2 strumentality is authorized to furnish such information,
3 suggestions, estimates, and statistics directly to the Sec-
4 retary;

5 (4) under regulations prescribed by him, assign or
6 sell at public or private sale, or otherwise dispose of for
7 cash or credit, in his discretion and upon such terms and
8 conditions and for such consideration as he shall deter-
9 mine to be reasonable, any evidence of debt, contract,
10 claim, personal property, or security assigned to or held
11 by him in connection with the payment of loans made
12 under this Act, and collect or compromise all obligations
13 assigned to or held by him in connection with the payment
14 of such loans until such time as such obligations may be
15 referred to the Attorney General for suit or collection;

16 (5) further extend the maturity of or renew any
17 loan made under this Act, beyond the periods stated in
18 such loan or in this Act, for additional periods not to
19 exceed ten years, if such extension or renewal will aid
20 in the orderly liquidation of such loan;

21 (6) deal with, complete, renovate, improve, mod-
22 ernize, insure, rent, or sell for cash or credit, upon such
23 terms and conditions and for such consideration as he
24 shall determine to be reasonable, any real or personal
25 property conveyed to, or otherwise acquired by him in

1 connection with the payment of loans made under this
2 Act;

3 (7) pursue to final collection, by way of compro-
4 mise or other administrative action, prior to reference
5 to the Attorney General, all claims against third parties
6 assigned to him in connection with loans made under
7 this Act. This shall include authority to obtain defi-
8 ciency judgments or otherwise as in the case of mort-
9 gages assigned to the Secretary. Section 3709 of the
10 Revised Statutes, as amended (41 U.S.C. 5), shall not
11 apply to any contract of hazard insurance or to any
12 purchase or contract for services or supplies on account
13 of property obtained by the Secretary as a result of
14 loans made under this Act if the premium therefor or
15 the amount thereof does not exceed \$1,000. The power
16 to convey and to execute in the name of the Secretary
17 deeds of conveyance, deed of release, assignments and
18 satisfactions of mortgages, and any other written instru-
19 ment relating to real or personal property or any interest
20 therein acquired by the Secretary pursuant to the pro-
21 visions of this Act may be exercised by the Secretary
22 or by any officer or agent appointed by him for that
23 purpose without the execution of any express delegation
24 of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications law, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away

1 from his home or regular place of business, he may be
2 allowed transportation and not to exceed \$15 per diem
3 in lieu of subsistence and other expenses; and

4 (11) establish such rules, regulations, and proce-
5 dures as he may deem appropriate in carrying out the
6 provisions of this Act.

7 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

8 SEC. 12. Whenever the Secretary shall determine that
9 employment conditions within any area previously desig-
10 nated by him as a redevelopment area have changed to such
11 an extent that such area is no longer eligible for such desig-
12 nation under section 5 of this Act, no further assistance shall
13 be granted under this Act with respect to such area and,
14 for the purposes of this Act, such area shall not be considered
15 a redevelopment area: *Provided*, That nothing contained
16 herein shall (1) prevent any such area from again being
17 designated a redevelopment area under section 5 of this
18 Act if the Secretary determines it to be eligible under such
19 section, or (2) affect the validity of any contracts or under-
20 takings with respect to such area which were entered into
21 pursuant to this Act prior to a determination by the Secre-
22 tary that such area no longer qualifies as a redevelopment
23 area. The Secretary shall keep the departments and agen-
24 cies of the Federal Government, and interested State or

1 local agencies, advised at all times of any changes made
2 hereunder with respect to the designation of any area.

3 PROCUREMENT BY GOVERNMENTAL AGENCIES

4 SEC. 13. Each department, agency, or other instru-
5 mentality of the Federal Government engaged in the pro-
6 curement of any supplies or services for use by or on behalf
7 of the United States shall—

8 (1) use its best efforts to award negotiated procure-
9 ment contracts to contractors located within redevelop-
10 ment areas to the extent procurement objectives will
11 permit;

12 (2) where deemed appropriate, set aside portions of
13 procurements for negotiation exclusively with firms lo-
14 cated in redevelopment areas, if a substantial proportion
15 of production on such negotiated contracts will be per-
16 formed within redevelopment areas and if such firms
17 will contract for such portions of the procurement at
18 prices no higher than those paid on the balance of such
19 procurements;

20 (3) where deemed appropriate and consistent with
21 procurement objectives, after the expiration of the period
22 during which bids for any procurement are permitted to
23 be submitted and if the lowest of such bids was sub-
24 mitted by a firm in an area other than a redevelopment

1 area, negotiate with firms in redevelopment areas with
2 a view to ascertaining whether any such firm will furnish
3 the services or supplies with respect to which bids were
4 theretofore submitted for an amount equal to, or less
5 than, the amount of the lowest bid theretofore submitted
6 for the furnishing of such services or supplies, and if
7 such firm can be found, award the contract for the fur-
8 nishing of such services or supplies to such firm;

9 (4) assure that firms in redevelopment areas which
10 are on appropriate bidders' lists will be given the oppor-
11 tunity to submit bids or proposals on all procurements
12 for which they are qualified and on which small business
13 joint determinations have not been made, but whenever
14 the number of firms on a bidders' list is exclusive, there
15 shall be included a representative number of firms from
16 redevelopment areas;

17 (5) in the event of tie bids on offers on any procure-
18 ment, award the contract to the firm located in a re-
19 development area, other things being equal;

20 (6) encourage prime contractors to award subcon-
21 tracts to firms in redevelopment areas; and

22 (7) cooperate with other departments, agencies,
23 and instrumentalities of the Federal Government in
24 achieving the objectives set out in this subsection.

URBAN RENEWAL

SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

“INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA
ECONOMIC REDEVELOPMENT ACT

“SEC. 113. (a) Whenever the Secretary of Commerce certifies to the Housing and Home Finance Administrator (1) that any county, city, or other municipality (in this section referred to as a ‘municipality’) is situated in an area designated under section 5 (a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Housing and Home Finance Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) The Housing and Home Finance Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110 (c) that the project area be clearly predominantly residential in character or that it be redeveloped for predomi-

1 nantly residential uses; but no such assistance shall be pro-
2 vided in any area if such Administrator determines that it
3 will assist in relocating business operations from one area to
4 another when such assistance will result in substantial detri-
5 ment to the area of original location by increasing unemploy-
6 ment.

7 “(c) Financial assistance under this section may be pro-
8 vided for any project involving a project area including pri-
9 marily industrial or commercial structure suitable for reha-
10 bilitation under the urban renewal plan for the area.

11 “(d) Notwithstanding any other provision of this title,
12 a contract for financial assistance under this section may in-
13 clude provisions permitting the disposition of any land in the
14 project area designated under the urban renewal plan for
15 industrial or commercial uses to any public agency or non-
16 profit corporation for subsequent disposition as promptly as
17 practicable by such public agency or corporation for the re-
18 development of the land in accordance with the urban re-
19 newal plan: *Provided*, That any disposition of such land
20 under this section shall be made at not less than its fair value
21 for uses in accordance with the urban renewal plan: *And*
22 *provided further*, That the purchasers from or lessees of such
23 public agency or corporation, and their assignees, shall be
24 required to assume the obligations imposed under section
25 105 (b).

1 “(e) Following the execution of any contract for finan-
2 cial assistance under this section with respect to any project,
3 the Housing and Home Finance Administrator may exercise
4 the authority vested in him under this section for the com-
5 pletion of such project, notwithstanding any determination
6 made after the execution of such contract that the area in
7 which the project is located may no longer be an industrial
8 redevelopment area under the Area Redevelopment Act.

9 “(f) Not more than 10 per centum of the funds author-
10 ized for loans under section 102 or for capital grants under
11 section 103 shall be available to provide financial assistance
12 under this section.”

13 URBAN PLANNING GRANTS

14 SEC. 15. Paragraph (3) of section 701(a) of the
15 Housing Act of 1954 is amended by inserting after “coun-
16 ties which” the following: “(A) are situated in areas
17 designated by the Secretary of Commerce under section
18 5(a) of the Area Redevelopment Act as industrial re-
19 development areas, or (B)”.

20 VOCATIONAL TRAINING

21 SEC. 16. (a) The Secretary of Labor, in consultation
22 with the Secretary of Commerce, shall determine the voca-
23 tional training or retraining needs of unemployed individuals
24 residing in redevelopment areas and shall cooperate with
25 the Secretary of Health, Education, and Welfare and with

1 existing State and local agencies and officials in charge of
2 existing programs relating to vocational training and re-
3 training for the purpose of assuring that the facilities and
4 services of such agencies are made fully available to such
5 individuals.

6 (b) Whenever the Secretary of Labor finds that addi-
7 tional facilities or services are needed in the area to meet
8 the vocational training or retraining needs of such individ-
9 uals, he shall so advise the Secretary of Health, Education,
10 and Welfare. The Secretary of Health, Education, and Wel-
11 fare, through the Commissioner of Education, shall provide
12 assistance, including financial assistance when necessary, to
13 the appropriate State vocational educational agency in the
14 provision of such additional facilities or services. If the Sec-
15 retary of Health, Education, and Welfare finds that the State
16 vocational educational agency is unable to provide the facili-
17 ties and services needed, he may, after consultation with such
18 agency, provide for the same by agreement or contract with
19 public or private educational institutions: *Provided*, That
20 the Secretary of Labor shall arrange to provide any neces-
21 sary technical assistance for setting up apprenticeship, jour-
22 neyman, and other job training needed in the locality.

23 RETRAINING SUBSISTENCE PAYMENTS

24 SEC. 17. (a) The Secretary of Labor in consultation
25 with the Secretary of Commerce shall, on behalf of the United

1 States, enter into agreements with States in which redevelop-
2 ment areas are located, under which the Secretary of Labor
3 shall make payments to such States for the purpose of
4 enabling such States, as agents of the United States, to make
5 weekly retraining payments to unemployed individuals resid-
6 ing within such redevelopment areas who are not entitled to
7 unemployment compensation (either because their unem-
8 ployment compensation benefits have been exhausted or
9 because they were not insured for such compensation) and
10 who have been certified by the Secretary of Labor to be
11 undergoing vocational training or retraining under section 16
12 of this Act. Such payments shall be made only during the
13 period the individual is receiving vocational training or re-
14 training under section 16 of this Act, but not in any event
15 to exceed sixteen weeks, and the amounts of such payments
16 shall be equal to the amount of the average weekly unem-
17 ployment compensation payment payable in the State mak-
18 ing such payments.

19 (b) The Secretary of Labor and the Secretary of Com-
20 merce shall jointly prescribe such rules and regulations as
21 they may deem necessary to carry out the provisions of this
22 section.

23 (c) There are hereby authorized to be appropriated such
24 sums, not in excess of \$10,000,000, as may be necessary to
25 carry out the provisions of this section.

1 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

2 SEC. 18. The Secretary shall take such action as may be
3 necessary to insure that all laborers and mechanics employed
4 by contractors or subcontractors on projects undertaken by
5 public applicants assisted under this Act (1) shall be paid
6 wages at rates no less than those prevailing on the same type
7 of work on similar construction in the immediate locality as
8 determined by the Secretary of Labor in accordance with the
9 Act of August 30, 1935 (Davis-Bacon Act), and (2) shall
10 be employed not more than forty hours in any one week
11 unless the employee receives wages for his employment in
12 excess of the hours specified above at a rate not less than
13 one and one-half times the regular rate at which he is
14 employed.

15 PENALTIES

SEC. 19. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining

1 money, property, or anything of value, under this title, shall
2 be punished by a fine of not more than \$10,000 or by im-
3 prisonment for not more than five years, or both.

4 (b) Whoever, being connected in any capacity with
5 the Secretary (1) embezzles, abstracts, purloins, or willfully
6 misapplies any moneys, funds, securities, or other things of
7 value, whether belonging to him or pledged or otherwise
8 entrusted to him, or (2) with intent to defraud the Secretary
9 or any other body politic or corporate, or any individual, or
10 to deceive any officer, auditor, or examiner of the Secretary
11 makes any false entry in any book, report, or statement of
12 or to the Secretary, or without being duly authorized, draws
13 any order or issues, puts forth, or assigns any note, debenture,
14 bond, or other obligation, or draft, bill of exchange, mortgage,
15 judgment, or decree thereof, or (3) with intent to defraud
16 participates, shares, receives directly or indirectly any money,
17 profit, property, or benefit through any transaction, loan,
18 commission, contract, or any other act of the Secretary,
19 or (4) gives any unauthorized information concerning any
20 future action or plan of the Secretary which might affect
21 the value of securities, or having such knowledge, invests
22 or speculates, directly or indirectly, in the securities or

1 property of any company or corporation receiving loans or
2 other assistance from the Secretary shall be punished by a
3 fine of not more than \$10,000 or by imprisonment for not
4 more than five years, or both.

5 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
6 EMPLOYEES

7 SEC. 20. No loan shall be made by the Secretary under
8 this Act to any business enterprise unless the owners, part-
9 ners, or officers of such business enterprise (1) certify to the
10 Secretary the names of any attorneys, agents, or other per-
11 sons engaged by or on behalf of such business enterprise for
12 the purpose of expediting applications made to the Secretary
13 for assistance of any sort, and the fees paid or to be paid to
14 any such person; and (2) execute an agreement binding any
15 such business enterprise for a period of two years after any
16 assistance is rendered by the Secretary to such business
17 enterprise, to refrain from employing, tendering any office
18 or employment to, or retaining for professional services, any
19 person who, on the date such assistance or any part thereof
20 was rendered, or within one year prior thereto, shall have
21 served as an officer, attorney, agent or employee of the
22 Secretary occupying a position or engaging in activities with

1 which the Secretary shall have determined involve discretion
2 with respect to the granting of assistance under this Act.

3 ANNUAL REPORT

4 SEC. 21. The Secretary shall make a comprehensive and
5 detailed annual report to the Congress of his operations under
6 this Act for each fiscal year beginning with the fiscal year
7 ending June 30, 1962. Such report shall be printed, and
8 shall be transmitted to the Congress not later than January
9 3 of the year following the fiscal year with respect to which
10 such report is made. Such report shall show, among other
11 things, (1) the number and size of Government contracts
12 for the furnishing of supplies and services placed with busi-
13 ness firms located in redevelopment areas, and (2) the
14 amount and duration of employment resulting from such con-
15 tracts. Upon the request of the Secretary, the various de-
16 partments and agencies of the Government engaged in the
17 procurement of supplies and services shall furnish to the
18 Secretary such information as may be necessary for the
19 purposes of this section.

20 APPROPRIATION

21 SEC. 22. In addition to appropriations hereinbefore spe-
22 cifically authorized, there are further authorized to be appro-

1 priated such sums as may be necessary to carry out the pro-
2 visions and purposes of this Act.

3 USE OF OTHER FACILITIES

4 SEC. 23. (a) To avoid duplication of activities and min-
5 imize expense in carrying out the provisions of this Act, the
6 Secretary shall, to the extent practicable and with their con-
7 sent, use the available services and facilities of other agencies
8 and instrumentalities of the Federal Government on a reim-
9 bursable basis.

10 (b) Departments and agencies of the Federal Govern-
11 ment shall exercise their powers, duties, and functions in
12 such manner as will assist in carrying out the objectives of
13 this Act. This Act shall be supplemental to any existing
14 authority, and nothing herein shall be deemed to be re-
15 strictive of any existing powers, duties, and functions of any
16 other department or agency of the Federal Government.

17 RECORDS AND AUDIT

18 SEC. 24. (a) Each recipient of assistance under section
19 6 or 7 of this Act shall keep such records as the Secretary
20 shall prescribe, including records which fully disclose the
21 amount and the disposition by such recipient of the proceeds
22 of such assistance, the total cost of the project or undertaking
23 in connection with which such assistance is given or used,
24 and the amount and nature of that portion of the cost of the

1 project or undertaking supplied by other sources, and such
2 other records as will facilitate an effective audit.

3 (b) The Secretary and the Comptroller General of
4 the United States, or any of their duly authorized repre-
5 sentatives, shall have access for the purpose of audit and
6 examination to any books, documents, papers, and records
7 of the recipient that are pertinent to assistance received under
8 section 6 or 7 of this Act.

AMENDMENT

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. Scott to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

MARCH 9, 1961

Ordered to lie on the table and to be printed

Calendar No. 63

87TH CONGRESS
1ST SESSION

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. LONG of Louisiana to the bill
(S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz:

1 On page 79, between lines 13 and 14, insert a new
2 section as follows:

3 “MILITARY INSTALLATIONS IN REDEVELOPMENT AREAS
4 AND OTHER AREAS

5 “SEC. 27. (a) No military installation which is classi-
6 fied as a permanent installation on the date of enactment of
7 this Act shall be deactivated or removed to a new location
8 for reasons of economy, if such installation is situated in a
9 redevelopment area. The Secretary of Defense shall cause

1 to be reactivated any military installation which has been
2 deactivated or removed for reasons of economy within five
3 years prior to the date of enactment of this Act, if—

4 “ (1) such installation was classified as a permanent
5 military installation prior to such deactivation or re-
6 moval; and

7 “ (2) such installation was situated in an area which
8 is determined by the Administrator to be a redevelop-
9 ment area.

10 “ (b) The Secretary of Defense shall notify the Ad-
11 ministrator before taking any action leading to the deactiva-
12 tion or removal, for reasons of economy, of any military
13 installation which is not included within the terms of sub-
14 section (a), but which is classified, on the date of enactment
15 of this Act, as a permanent military installation. The Secre-
16 tary of Defense shall also notify the Administrator of any
17 action which has been taken within five years prior to the
18 date of enactment of this Act which resulted in the deactiva-
19 tion or removal, for reasons of economy, of any military in-
20 stallation which is not included within the terms of subsec-
21 tion (a), but which was, prior to such action, classified as
22 a permanent military installation.

23 “ (c) The Administrator shall appoint a committee of
24 such persons as he shall determine to investigate the eco-

1 nomic effects of any action proposed to be taken, or which
2 has been taken, by the Secretary of Defense with respect to
3 which he has received a notification as provided in subsec-
4 tion (b) of this section. In determining the economic effects
5 of any such action, any such committee shall, among other
6 relevant matters, consider and make findings with respect to
7 (1) the probability that such action will increase unem-
8 ployment or underemployment in the affected area to such
9 an extent that the area will become a redevelopment area;
10 and (2) the approximate amount of money which has been,
11 or may reasonably be expected to be, saved by any depart-
12 ment or agency of the Government as a result of such action,
13 compared with—

14 “(A) the approximate costs or losses which have
15 been, or may reasonably be expected to be, incurred by
16 other departments or agencies of the Government, or
17 by State and local governmental units, as a result of
18 such action;

19 “(B) the approximate losses which have been, or
20 may reasonably be expected to be, incurred by private
21 interests as a result of such action in connection with
22 any facilities which they have provided to serve the
23 needs of any such installation and which would otherwise
24 have to be provided by the Government;

1 “(C) the approximate cost to the Government of
2 relocating any such installation in the event that such
3 installation has been, or will be, relocated; and

4 “(D) the approximate cost to the Government of
5 reactivating, in a national emergency or other contin-
6 gency, any such installation with respect to which any
7 such action has been, or is proposed to be, taken.

8 Any such investigation shall be conducted as expeditiously
9 as practicable, and the findings resulting therefrom shall be
10 submitted to the Administrator for transmittal to the Secre-
11 tary of Defense and to the Congress. The Secretary shall
12 take no further action in connection with the deactivation
13 or removal of any existing military installation, with respect
14 to which he has sent a notification to the Administrator un-
15 der this section, unless he has received the findings made in
16 connection therewith as herein provided.

17 “(d) Upon the request of the Administrator, the de-
18 partments and agencies of the Federal Government shall,
19 subject to the requirements of the national security, make
20 available to any committee, established under this section,
21 such available information and services as may be requested
22 by such committee in furtherance of the purposes of this
23 section.

24 “(e) Persons appointed to any committee under this
25 section who are not otherwise employed by the Government

1 may be compensated at a rate not in excess of \$75 per diem,
2 and, while such person is away from his home or regular
3 place of business, he may be allowed transportation and not
4 to exceed \$15 per diem in lieu of subsistence and other ex-
5 penses.”

6 On page 79, line 15, strike out “27” and insert “28”.

7 On page 80, line 2, strike out “28” and insert “29”.

87TH CONGRESS
1ST Session

S. 1

AMENDMENTS

Intended to be proposed by Mr. LONG of Louisiana to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 10, 1961

Ordered to lie on the table and to be printed

87TH CONGRESS
1ST SESSION

S. 1

IN THE SENATE OF THE UNITED STATES

MARCH 13, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BENNETT to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, viz:

- 1 On page 43, line 1, beginning with the word "Any"
- 2 strike out all through line 10.

3-13-61—A

AMENDMENTS

Intended to be proposed by Mr. LAUSCHE to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 14, 1961

Ordered to lie on the table and to be printed

IN THE SENATE OF THE UNITED STATES

MARCH 14, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1),
to establish an effective program to alleviate conditions of
substantial and persistent unemployment and underemploy-
ment in certain economically distressed areas, viz:

- 1 On page 80, line 6, strike out the period and insert "and
2 the Virgin Islands."

3-14-61—A

1 for which such loan is made shall be supplied by the State
 2 (including any political subdivision thereof) within which
 3 such project is located or by the Indian tribe on whose
 4 reservation such project is located as equity capital or as a
 5 loan."

87TH CONGRESS
 1ST Session

S. 1

Calendar No. 63

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

MARCH 14, 1961

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